

**Report of the
Comptroller and Auditor General
of India**

for the year ended March 1998

**Government of West Bengal
No.4 (Civil)**

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PREFATORY REMARKS

This Report sets out the results of audit under various Sections of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971, in respect of financial assistance given to local bodies and other autonomous authorities.

Matters arising from the Finance and Appropriation Accounts for the year 1997-98, together with other points arising out of audit of transactions of the Government of West Bengal are included in a separate Report.

The Report containing the observations of Audit on statutory corporations, boards and Government companies and the Report containing observations of Audit on revenue receipts are presented separately.

The cases mentioned in this Report are among those which came to notice in the course of test-check of accounts during the year 1997-98, as well as those which had come to notice in earlier years, but could not be dealt with in previous Reports. Matters relating to the period subsequent to March 1998 have also been included wherever considered necessary.

OVERVIEW

OVERVIEW

This Report, dealing with the results of audit of the accounts of local bodies and other autonomous authorities, contains 1 review and 33 paragraphs. A synopsis of important audit findings is presented in this overview.*

General

During the year 1997-98, grants aggregating to Rs 2924.22 crore were paid to various local bodies, as against Rs 2603.64 crore during 1996-97. Grants paid during 1997-98 constituted 26 *per cent* of State Government's total expenditure on revenue account during the year.

Utilisation certificates in respect of grants aggregating to Rs 10.46 crore disbursed between 1980-81 and 1996-97 in 450 cases were not received as of June 1998. Of these, 426 involving grants of Rs 8.49 crore were pending for more than three years; the earliest of these outstanding pertained to the year 1980-81. Similarly, of the 3050 utilisation certificates in respect of loans and advances aggregating to Rs 167.07 crore sanctioned by the Government up to December 1996, 2993 certificates involving Rs 166.53 crore, were awaited as of June 1998. In the absence of these, the utilisation of the grants and loans for the intended purposes could not be verified.

Information about grants and loans sanctioned by the Government to various local bodies and authorities during 1997-98 and the expenditure incurred by these during the year, was awaited from 31 departments as of August 1998. Several departments did not furnish this information for over 10 years.

During the year 1997-98, audit of 104 annual accounts of 28 bodies/authorities was conducted. Irregularities detected are contained in paragraphs below.

There were persistent delays ranging from 7 to 13 years up to 1997-98 in compilation of annual accounts by these bodies. It could not, therefore, be ensured if the financial assistance extended to these bodies from time to time were utilised for the intended purposes.

Seven Municipalities did not spend development grants aggregating to Rs 2.63 crore, while Rs 22.31 lakh released for specific purposes were not utilised by two District Primary School Councils for periods ranging from 5 to 15 years.

Three Municipalities and one District Primary School Council diverted Government grants of Rs 1.40 crore for purposes other than those specified in the sanctions.

Three Municipalities which had finalised their accounts for different periods ending between 1985-86 and 1990-91, did not repay instalments of

* The abbreviations used in this Report have been listed in Appendix 7 (Page 85).

Government loans aggregating to Rs 0.48 crore. Advances of Rs 11.31 lakh made by three Municipalities to their employees, suppliers and contractors were not adjusted.

Arrears in realisation of rates and taxes by seven Municipalities at the end of different years between 1985-86 and 1996-97 up to which their accounts were prepared amounted to Rs 1.74 crore.

Out of six statutory corporations whose audit was entrusted to the Comptroller and Auditor General of India, none had submitted accounts up to 1997-98 as of August 1998. Accounts of these six corporations were in arrears for periods ranging from 3 to 11 years.

Action Taken Notes on 108 paragraphs included in the Report of the Comptroller and Auditor General of India, Government of West Bengal, (selected : 40 from 1987-88 to 1995-96; not selected : 68 from 1985-86 to 1995-96) involving nine departments were outstanding as on 30 June 1998.

The Action Taken Notes on three Reports of Public Accounts Committee which were presented to the Legislature between March 1991 and February 1997 were not submitted by three departments to the Assembly Secretariat. Constant pursuance in the matter yielded little result (June 1998).

(Paragraphs 1.1 to 1.5 and 2.1)

Working on Zilla Parishads

Out of 17 Zilla Parishads, working of 12 were examined. They did not raise revenue of even one *per cent* of their total receipts. Recommendations of State Finance Commission, constituted in May 1994 on matters referred to it regarding these Panchayat bodies, were yet to be considered by the Government. Compilation and finalisation of accounts of these Zilla Parishads were in arrears since 1994-95.

Cheques involving Rs 2.59 crore issued by 10 Zilla Parishads during 1971-97 were not encashed and lapsed. The amount shown as spent were not actually utilised.

During 1994-97, Rs 549.01 crore were spent towards centrally sponsored schemes, but no assets registers were maintained. Creation of any assets under these schemes could not, therefore, be verified. Zilla Parishads were generally not maintaining several important control registers and they did not prepare appropriation accounts for receipts and expenditure of grants.

Interest of Rs 1.85 crore was lost for holding JRY* funds (Rs 35.32 crore) in non-interest bearing account (LF Account). Scheme funds amounting to Rs 24.88 crore were diverted and spent without any authority. Out of Rs 23.67 crore allotted to two Zilla Parishads for construction of houses under Indira Awas Yojana during 1994-97, Rs 11.85 crore remained unutilised.

* JRY - Jawahar Rozgar Yojana

Out of expenditure of Rs 52.78 crore on JRY, two Zilla Parishads spent Rs 22.72 crore (43 *per cent*) only on wages which resulted in short generation of 22.37 lakh mandays. Out of Rs 53 lakh, earmarked for construction of a bridge, Rs 52.63 lakh were utilised for purchase of cement only by Siliguri Mahakuma Parishad. Utilisation certificates for Rs 316.96 crore were not furnished by different agencies.

(Paragraph 2.8)

Ashokenagar-Kalyangarh Municipality

The Municipality did not prepare the Annual Administration Report on its activities and performance. The cash book was neither authenticated nor balanced and reconciled with the treasury pass book/bank statements during the period 1991-97. Further, prescribed books of accounts and records were either not maintained at all or were incomplete during all these years.

During 1992-97, the Municipality collected taxes between 9 and 17 *per cent* of the total demand and had an accumulation of arrears of taxes of Rs 78.93 lakh as of March 1997.

A water supply scheme was completed in March 1997 at a cost of Rs 1.47 crore but water connection to houses was not given as the scheme was not handed over by the Public Health Engineering Directorate.

Municipality released Rs 44 lakh for construction of four economically productive projects under "Integrated Development of Small and Medium Towns" programme. The work of the commercial complex project did not start at all while only 80 and 7 *per cent* of work of industrial sheds and bus terminus respectively were completed. Forty two shops of the completed shopping complex remained vacant involving an unproductive investment of Rs 24.15 lakh and a loss of potential income of Rs 4.11 lakh per annum as of March 1998.

The Municipality spent Rs 13.60 lakh on 'Urban Basic Services for the Poor' but the financial and physical progress were not computed.

Though subsidy of Rs 7.11 lakh was released for setting up of micro-enterprises under Nehru Rozgar Yojana, the number of enterprises actually set up was not on records. Of Rs 44.54 lakh received from the Government for implementing the scheme for urban wage employment, Rs 8.65 lakh were diverted for general purposes.

(Paragraph 2.4)

Berhampur Municipality

The Municipality did not finalise its annual accounts for over a decade (1986-87 to 1996-97), and also did not prepare any budget for these years. The

State Government released grants on the basis of provisions made in the State Budget on *ad hoc* basis. Between 1986-87 to 1996-97, the expenditure on establishment increased from 47 to 76 *per cent* while the developmental expenditure declined from 53 to 24 *per cent*. Unauthorised engagement of excess staff burdened the Municipality to the extent of Rs 79 lakh during 1991-97.

One super market with 175 stalls constructed during 1989-96 at a cost of Rs 26.63 lakh under the scheme fetched only Rs 9.31 lakh as stall rent up to March 1997.

Rupees 16.39 lakh were deposited with various authorities between March 1993 and May 1993 to undertake works such as repair of road, building of park, etc. out of the development grant. No completion certificate/status report in respect of each deposit work was obtained till March 1998.

Collection of rates by the Municipality was poor and ranged between 22 and 54 *per cent* during 1986-97. Rupees 57.76 lakh remained unrealised as of March 1997 on this.

(Paragraph 2.5)

Siliguri Municipal Corporation

Accounts of SMC* are in arrears since 1985-86.

SMC undertook (i) the scheme SUME, for providing training and infrastructural support and (ii) the scheme SHASU for providing employment in low income neighbourhoods, under the Nehru Rozgar Yojana. For the SUME, SMC received grants of Rs 34.74 lakh towards subsidy. The banks released a loan of Rs 71.26 lakh and subsidy of Rs 23.75 lakh to 1361 beneficiaries. Recovery of loans from the beneficiaries were not effected. Under SHASU, SMC received Rs 94.45 lakh as grants from the Government and Rs 1.56 crore as loan from Housing and Urban Development Corporation and spent Rs 1.84 crore during 1991-98 and retained the unutilised balance of Rs 66.59 lakh.

SMC shortcredited Rs 3.94 lakh to the provident fund account of its employees and incurred loss of interest of Rs 8.87 lakh.

Purchase of cement from the market bypassing West Bengal Essential Commodities Supply Corporation resulted in an avoidable expenditure of Rs 20.30 lakh.

Realisation of property tax at non-revised rates during April 1994 to March 1997 resulted in loss of revenue of Rs 4.56 crore by SMC.

* SMC Siliguri Municipal Corporation
SUME Setting up Micro-Enterprises
SHASU Scheme for Housing and Shelter Upgradation

Non-allotment of stalls of a market complex constructed at a cost of Rs 11.63 lakh in September 1993 led to loss of Rs 12.66 lakh up to April 1998 on account of rent.

(Paragraph 2.7)

Execution of Development Scheme by Howrah Municipal Corporation

(i) Approval and financial sanction for the Salkia Flyover Project, taken up by HMC* for Rs 4.85 crore were accorded in March 1994. HMC received Rs 2 crore and spent Rs 1.97 crore as of March 1997. But barring acquiring two plots in full and another in part, there was no progress in the work.

(ii) A State Government Company was awarded the work for construction of "G+2 storey" building for development of an existing market at Rs 3.64 crore. HMC sanctioned a revised estimate of Rs 4.51 crore submitted by the company and paid Rs 83.68 lakh. As further escalation was asked for after the scheduled completion period, the contract was terminated without imposing any penalty. Thus the benefit of investment of Rs 83.68 lakh did not materialise and estimated income of Rs 5.23 crore from lease and potential monthly rent of Rs 6.95 lakh (up to April 1998) could not be realised.

(iii) Rupees 48.41 lakh were spent during April 1993 to September 1995 on construction of 'Howrah Hat Complex (Main)' and HMC sold 788 stalls and 227 guddies at a cost of Rs 4.86 crore between 1992 and 1997. Remaining 453 stalls and 69 guddies, valuing Rs 4.79 crore were not sold by the Corporation, the reasons for which were not on record.

(Paragraph 2.6)

Non-recovery of instalments of loan

South 24 Parganas ZP** availed of loan of Rs 5.50 crore from West Bengal Housing Board for providing shelter to economically weaker sections. The loan amount was disbursed through the Panchayat Samitis to 8598 beneficiaries without executing agreement/mortgage deeds. As the beneficiaries did not refund any instalment of loan ZP refunded Rs 30.03 lakh out of the undisbursed amount to the Board and acquired a total liability of Rs 8.54 crore including interest as of March 1998.

(Paragraph 2.9)

* HMC - Howrah Municipal Corporation
** ZP - Zilla Parishad

Avoidable expenditure in distribution of foodgrains under Jawahar Rozgar Yojana

Nine ZPs did not lift any foodgrains. Nadia ZP had to incur excess expenditure of Rs 18.42 lakh for price enhancement due to delay in lifting. Two ZPs lifted superfine/fine rice instead of the prescribed common rice at an expenditure of Rs 22.84 lakh and in one ZP foodgrains valued at Rs 17.87 lakh remained unutilised for over five years.

(Paragraph 2.10)

Diversion of Jawahar Rozgar Yojana funds and doubtful expenditure on procurement of boulders

Murshidabad Zilla Parishad was to supply 1.48 lakh cubic metres of boulders to Irrigation and Waterways Division for pitching work of Ganga Anti Erosion Scheme. The ZP procured 1.31 lakh cubic meters of boulders at higher rates from private suppliers instead of from the West Bengal Mineral Development and Trading Corporation Limited incurring excess expenditure of Rs 59.64 lakh. ZP diverted Rs 1.70 crore from JRY fund for purchase of boulders for execution of Ganga Anti Erosion Scheme, paid Rs 40.91 lakh against doubtful supply and caused loss of Rs 16.56 lakh to the Government due to non-realisation of royalty/cess from the suppliers.

(Paragraph 2.11)

Undue favour to a Private Limited Company by Murshidabad Zilla Parishad

For establishment of an industrial estate, Murshidabad Zilla Parishad obtained (March 1994) from Government 9.15 acres of land on 30 years' lease against payment of salami (Rs 5.46 lakh) and annual rent (Rs 0.55 lakh). The land was not developed and kept unutilised till May 1996 when the Zilla Parishad allotted 6.02 acres of land to a private limited company only on annual rent without charging any salami (Rs 3.59 lakh). The Zilla Parishad further invested Rs 32 lakh in equity shares of the company though they were not authorised for such investment under the provision of the Act.

(Paragraph 2.12)

Failure of the scheme for providing arsenic free drinking water

Two water supply schemes were taken up in Jalangi Block of Murshidabad district for supplying arsenic free drinking water at a cost of Rs 30 lakh. However, the Zilla Parishad decided to construct ring wells/tube wells instead and 10 ring wells completed by them turned derelict due to landslide. Digging

of the balance wells was abandoned. Though 30 tube wells were sunk, availability of arsenic free water was uncertain.

(Paragraph 2.14)

Wasteful expenditure on construction of an embankment

Sagar Panchayat Samiti, undertook construction of an embankment at Boatkhali to protect the wave flash of Bay of Bengal. The first phase of the work was completed at a cost of Rs 16.13 lakh in 1996, but as the ZP failed to take up the second phase of work before the onset of monsoon the newly constructed embankment was washed away by a cyclone. For strengthening the embankment and repairing the damages, Rs 31.75 lakh had to be spent afresh.

(Paragraph 2.15)

Loss due to unauthorised involvement of Zilla Parishad in running a poultry farm

Burdwan Zilla Parishad signed an agreement with Mainwal and Associates of Kapurthala, Punjab and paid Rs 11.25 lakh from the ZP fund to improve the overall performance of a poultry farm. As the party did not submit any action plan and eventually withdrew its staff from farm and left unpaid bills of Rs 90 thousand, the Zilla Parishad had to suffer a loss of Rs 11.25 lakh over and above the liability for unpaid bills of Rs 0.90 lakh.

(Paragraph 2.16)

Diversion of teachers' Provident Fund balance

Burdwan District School Board irregularly deposited teachers' Provident Fund money of Rs 1.23 crore (against withdrawal of Rs 4.65 crore from post office) in the general fund which was a non-interest bearing account. Board suffered a loss of interest to the tune of Rs 1.88 crore (March 1998). Further, general Fund of Burdwan District School Board was short credited by Rs 2.48 crore by the concerned treasury. No action against defaulting officers was taken.

(Paragraphs 2.17(a) and (h))

Printing of text books by West Bengal Board of Secondary Education

West Bengal Board of Secondary Education printed huge quantity of books ignoring the available stock. Following revision of syllabus, English text books for different classes valuing Rs 31.06 lakh became obsolete. The Board suffered a loss of Rs 26.56 lakh as defective books were not replaced by

private printers, excess supply of papers was made to the printing presses and allowable paper wastage was raised from two to five *per cent*.

(Paragraph 2.18)

Non-performance of imported equipment

A Carbon Hydrogen Nitrogen analyser (from USA) and a JASCO-Spectropolarimeter (from Japan) imported by Kalyani University for Rs 27.64 lakh (Rs 12.80 lakh + Rs 14.84 lakh) for research and teaching purposes remained inoperative since installation. The University did not take up the matter with the foreign supplier or get the equipment repaired.

(Paragraph 2.2)

Arbitrary award of contracts

Contracts were awarded in violation of the financial rules under the emergency powers of the Chairman of Darjeeling Gorkha Hill Council and higher rates were accepted after commencement of the works resulting in excess payment of Rs 26.19 lakh.

(Paragraph 3.1)

Extra expenditure due to defective agreement

Failure to include specific mode of measurement for sand filling work in the contract resulted in termination of contract and execution of work at higher rate involving extra expenditure of Rs 19.14 lakh.

(Paragraph 3.2)

Unjustified procurement of pipes

Procurement of Cast Iron “Tyton” pipes without finalising the alignment of the pipeline resulted in blockage of capital of Rs 48.74 lakh for four years with consequent loss of interest of Rs 23.50 lakh.

(Paragraph 3.5)

Non-revision/revision of annual licence fee at lower rates

Non-revision/revision of annual licence fee at lower rates for advertisement space at Howrah subway and adjacent area led to loss of revenue of Rs 15.90 lakh.

(Paragraph 3.7)

Non-realisation of premium on land and undue favour extended to a private party

As ADDA* failed to take timely action to re-enter the land in case of default in payment of dues by the allottees, chances of recovery of long outstanding dues of Rs 11.30 lakh became bleak. ADDA also suffered a loss of Rs 17.97 lakh due to extension of undue favour to a private party while allotting land at Durgapur.

(Paragraph 4.1)

* ADDA - Asansol-Durgapur Development Authority

CHAPTER I

CHAPTER I

GENERAL

1.1 Grants paid to local bodies and others

During 1997-98, Rs 2924.22 crore were paid as grants to local bodies and others, which constituted 26 *per cent* of Government's total expenditure on revenue account. In 1996-97, such grants aggregated to Rs 2603.64 crore.

The grants were intended essentially for maintenance of educational institutions, hospitals and charitable institutions, construction and maintenance of school and hospital buildings, improvement of roads and communication under municipalities and local bodies, etc. A broad category-wise break up of the grants disbursed during 1997-98 is contained in the following table :

		Maintenance grants	Development grants	Other grants	Total
		(R u p e e s i n c r o r e)			
1.	Universities and Educational Institutions	-	-	2343.82	2343.82
2.	Municipal Corporations and Municipalities	14.99	11.87	59.58	86.44
3.	Government Sponsored Development Agencies	0.04	153.37	13.00	166.41
4.	Zilla Parishads and Panchayati Raj Institutions	15.54	0.78	-	16.32
5.	Hospitals and Charitable Institutions	3.57	-	6.42	9.99
6.	Others	19.03	-	282.21	301.24
Total		53.17	166.02	2705.03	2924.22

1.2 Utilisation of grants

Departmental officers sanctioning grants were required to certify to Audit proper utilisation of grants. Of the grants aggregating to Rs 4045.99 crore (33367 cases) disbursed between 1980-81 and 1996-97, in respect of which utilisation certificates were required to be furnished, utilisation certificates for Rs 4035.53 crore (32917 cases) were furnished as of June 1998, and certificates for the balance amount of Rs 10.46 crore (450 cases) were awaited. Of these, 426 certificates involving Rs 8.49 crore were pending for more than three years, the earliest of which pertained to 1980-81. The department-wise break-up of the outstanding utilisation certificates is given in Appendix 1.

Details of departments which had not furnished utilisation certificates for more than three years as of June 1998 in respect of grants aggregating to Rs 1 crore and more were as under :

Serial number	Name of department	Number of certificates	Amount (Rupees in crore)
1.	Cottage and Small Scale Industries	69	3.84
2.	Finance	22	1.12
3.	Fisheries	41	2.03
		132	6.99

1.3 Utilisation of loans

Of the 3050 utilisation certificates (Rs 167.07 crore) due to be received by Audit in respect of loans and advances given by Government up to December 1996, only 57 certificates (Rs 0.54 crore) were received as of June 1998, while 2993 certificates (Rs 166.53 crore) were awaited.

In the absence of these certificates, it was not possible for Audit to verify that these loans had been utilised for the intended purpose.

Department-wise break-up of the outstanding utilisation certificates is given in Appendix 2.

The matter was referred to Government in November 1998 ; reply had not been received (November 1998).

1.4 Audit of financial assistance to local bodies and others

1.4.1 Detailed accounts not furnished by the Grantee Institutions

Absence of detailed information - identification for audit hampered

State Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was granted and the total expenditure of the institution. Information for the year 1997-98 called for in April 1998 was awaited as of August 1998 from 31 out of 42 Government departments. Out of these 31 defaulting departments, the following departments had not furnished the necessary information for over 10 years as indicated below :

Serial number	Name of department	Year from which information had not been furnished
1.	Health and Family Welfare	1971-72
2.	Cottage and Small Scale Industries (excluding grants released to State Government undertaking viz. the West Bengal Handloom and Powerloom Development Corporation Limited, West Bengal Ceramic Development Corporation etc. and Industrial Cooperatives)	1983-84
3.	Fisheries (excluding share capital contribution to State Fisheries Development Corporation Limited and West Bengal Fisheries Corporation Limited)	1988-89

Due to non-receipt of necessary information, no institution in receipt of financial assistance from these departments could be identified for Audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.4.2 Status of audit of other authorities

The audit of accounts of the following Bodies and Authorities was entrusted by the Government to the Comptroller and Auditor General of India under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The position of entrustment vis-a-vis accounts received, audited and Audit Reports issued are as follows :

Name of the Bodies/ Authorities	Period of entrustment	Accounts received up to	Audit completed up to	Remarks
Asansol-Durgapur Development Authority	1995-96 to 1999-2000	1994-95	1994-95	Reasons for non-submission of accounts from 1995-96 were not stated (August 1998)
Haldia Development Authority	1990-91 to 1994-95	1992-93	1991-92	Audit Report for the year 1992-93 could not be issued due to non-receipt of recast accounts. Reasons for non-submission of accounts from 1993-94 onwards were not stated (August 1998)
Siliguri-Jalpaiguri Development Authority	1995-96 to 1999-2000	1994-95	1994-95	Reasons for non-submission of accounts from 1995-96 onwards were not stated (August 1998)
Sriniketan- Santiniketan Development Authority	1994-95 to 1998-99	1993-94	1993-94	Reasons for non-submission of accounts from 1994-95 onwards were not stated (August 1998)
West Bengal Khadi and Village Industries Board	1993-94 to 1997-98	1986-87	1986-87	Reasons for non-submission of accounts from 1987-88 onwards were not stated though repeatedly called for (August 1998)
Digha Development Authority	1990-91 to 1994-95	-	-	Reasons for non-submission of accounts since inception (1990-91) were not stated (August 1998)

Delay in compilation of annual accounts by the Bodies and Authorities

From the above table it would be seen that accounts of these bodies were in arrears for periods ranging between 3 years and 11 years. As a result, the financial status of the bodies were not ascertainable at any given point of time. Further, it was not also possible to ascertain whether the grants or loans received from Government by these bodies were properly utilised.

For further entrustment of audit of Haldia Development Authority and Digha Development Authority beyond 1994-95, and West Bengal Khadi and Village Industries Board beyond 1997-98, the State Government was reminded in June 1998.

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

FINANCE DEPARTMENT

1.5 Follow up on Audit Reports

Review of outstanding Action Taken Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India, Government of West Bengal revealed that Action Taken Notes on 108 paragraphs (selected : 40 from 1987-88 to 1995-96, not selected : 68 from 1985-86 to 1995-96) involving 9 departments remained outstanding as of 30 June 1998. A list of selected paragraphs involving 8 departments is furnished in Appendix 3. Out of the said 40 selected paragraphs, system deficiency had been pointed out by Audit in 18 paragraphs involving 5 departments.

The procedure further envisaged that the administrative departments were required to take suitable action on the recommendations made in the Report of the Public Accounts Committee presented to the State Legislature. As soon as the copies of the Report of the PAC* were circulated, the departmental comments and action taken or proposed to be taken on the recommendations of the Committee were required to be prepared and submitted to the Assembly Secretariat which would consolidate the same in a statement.

Despite constant persuasion 3 departments did not submit remedial/corrective Action Taken Notes on three Reports of PAC

The Action Taken Notes on 3 Reports of PAC which were presented to the Legislature between March 1991 and February 1997 had not been submitted by 3 departments to the Assembly Secretariat. Constant persuasion by the High Level Committee in the matter yielded little result (June 1998).

Thus, it was not ascertainable whether the recommendations contained in the said reports had been/were being acted upon by the Administrative Departments.

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

CHAPTER II

CHAPTER II

2.1 Results of audit of autonomous bodies

2.1.1 Audit under the Local Audit Department

Accountant General (Audit)-I, West Bengal and Examiner of Local Accounts in his office are the statutory auditors of autonomous local bodies, appointed under the provisions of West Bengal State Acts.

During the year 1997-98, audit of 104 annual accounts of 28 bodies/authorities was conducted. The results of audit are discussed in the succeeding paragraphs.

(a) Failure to prepare accounts

Annual accounts were not prepared by the following bodies for periods ranging from 7 years to 13 years :

Particulars of bodies	Number of years for which accounts were not prepared	Number of accounts in arrears
Municipalities - Barackpore, Bolpur, Englishbazar, Ghatal, Habra, Mekhliganj, Mal, Ranaghat	13 years (1985-86 to 1997-98)	45
District Primary School Councils - Burdwan, Howrah, Midnapore	7 years (1991-92 to 1997-98)	14
Zilla Parishads - Bankura, Birbhum, Burdwan, Coochbehar, Hooghly, Howrah, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia, Purulia, North 24-Parganas, South 24 Praganas, Dakshin Dinajpur, Uttar Dinajpur, Siliguri Mahakuma Parishad	7 Years (1991-92 to 1997-98)	35

Due to non-preparation of accounts/provisional accounts, it could not be ensured if the funds were utilised for the intended purposes. Reasons for delay in finalisation of accounts were not furnished (June 1998).

No steps were taken by Government to ensure that these bodies prepared accounts in time as per provisions of the respective acts.

They also did not state any reasons for non-preparation of accounts although asked for in audit during last quarter of every year while preparing Annual Audit Plan.

Government is also apprised of the position from time to time and every year particularly at the time of preparation of Annual Audit Plan. Moreover, the matter was discussed in several Audit Committee Meetings with Municipal Affairs Department. Panchayats Department was also kept informed of the position.

For prompt settlement of audit objections, Audit Committees comprising the Secretary of the Controlling Department and representatives of the Finance Department and the Accountant General were formed in all the departments. Three Audit Committee meetings were held during 1997-98 only with Municipal Affairs Department who were provided with particulars relating to outstanding audit observations in respect of different Municipalities/Town Committees/Notified Area Authorities, etc. for initiating action towards their settlement. Action taken by Government, if any, in this regard was not intimated as of June 1998. There were no perceptible settlements.

(b) Internal audit not conducted

Internal audit not conducted in Zilla Parishads and District Primary School Councils in violation of Rules resulting in accumulation of huge arrears

As per the District School Board Account Rules and West Bengal Zilla Parishad Rules, 1964, internal audit of the accounts of the District Primary School Councils and of the Zilla Parishads respectively was to be conducted every month by the Finance Committee of the District Primary School Council and each quarter by the Finance Establishment Committee of the Zilla Parishad. This was not conducted resulting in accumulation of arrears as indicated below :

Particulars of bodies	Number of annual accounts which were not audited internally
District Primary School Councils (3)*	34 accounts from 1977-78
Zilla Parishads (17)**	226 accounts from 1981-82

Reasons for non-conducting internal audit were not stated (March 1998).

No system was evolved as to how these Committees would discharge their functions in the matter of internal audit. No staff for the purposes were placed at the disposal of the Committee.

(c) Unutilised grants

Non-utilisation of grants released for specific purposes 5 to 15 years back aggregating Rs 22.31 lakh by District Primary School Councils

Midnapore and Howrah District Primary School Councils could not utilise till March 1998, grants aggregating Rs 22.31 lakh released for specific purposes (attendance scholarship to girl students, mid-day meals, equipment grants, supply of slates, construction of school buildings affected by flood 1978, improved accommodation, building grants for tribal areas, repair grants for natural calamities) 5 to 15 years back, of which Rs 21.58 lakh related to Midnapore alone.

Grants released during 1985-97 aggregating Rs 2.63 crore lying unspent with municipalities

(ii) Grants aggregating Rs 2.63 crore, meant for development purposes were lying unspent with the Municipalities whose accounts for varying periods between 1985-86 and 1996-97 were audited during 1997-98. The details are as below :

* District Primary School Council (3) : Burdwan, Howrah, Midnapore.

** Zilla Parishads (17) : Bankura, Birbhum, Burdwan, Coochbehar, Hooghly, Howrah, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia, Purulia, North 24 Parganas, South 24 Parganas, Dakshin Dinajpur, Uttar Dinajpur, Siliguri Mahakuma Parishad.

Serial Number	Particulars	Year of account audited up to	Amount lying unspent up to the year of audit (Rupees in lakh)
Municipalities			
1.	Bolpur	1985-86	22.79
2.	Ghatal	1988-89	16.77
3.	Ranaghat	1988-89	14.86
4.	Englishbazar	1989-90	87.88
5.	Barrakpore	1990-91	43.84
6.	Mal	1990-91	15.06
7.	Mekhliganj	1996-97	61.71
Total			262.91

Reasons for non-utilisation and non-refund of the grants were not furnished by the concerned District Primary School Councils and Municipalities. There was nothing on records to show any action having been taken to adjust/obtain refund of the unutilised grants.

(d) Diversion of grants

Diversion of grants aggregating Rs 1.40 crore were made by Municipalities and District Primary School Councils during 1988-91

Grants aggregating Rs 1.40 crore sanctioned for specific purposes were diverted by the following bodies for other purposes between 1988-89 and 1990-91. Such diversions were not got regularised (March 1998) by the Government.

Particulars	Year of account	Amount diverted (Rupees in lakh)	Diverted for the purpose of
District Primary School Councils			
Howrah	1990-91	9.25	Purchase of sports materials
Total		9.25	
Municipalities			
Barrackpore	1990-91	121.93	Construction of Town Hall
Englishbazar	1989-90	4.18	Construction of Agricultural Market
Ghatal	1988-89	5.08	Improvement of Municipal Roads
Total		131.19	

(e) Overdue loans

According to their latest finalised accounts, 3 Municipalities had not repaid instalments of Government loans aggregating Rs 0.48 crore up to the year up to which their accounts were finalised. The details are as below :

Particulars	Year of account	Amount unpaid (Rupees in lakh)
Municipalities		
Barrackpore	1990-91	7.42
Bolpur	1985-86	0.17
Englishbazar	1989-90	40.65
Total		48.24

(f) Outstanding advances

Scrutiny of the accounts of 3 Municipalities revealed that advances aggregating Rs 11.31 lakh granted by these institutions over the period from 1985-86 to 1988-89 for various purposes to their employees, suppliers and

contractors were outstanding as of March 1998.

On further scrutiny it was revealed that out of Rs 11.31 lakh outstanding against the municipalities, Rs 6.97 lakh were against employees, Rs 1.99 lakh against suppliers and Rs 2.35 lakh against contractors as detailed below :

Particulars	Year of account	Outstanding advances (Rupees in lakh)			
		Employees	Suppliers	Contractors	Total
Municipalities					
Bolpur	1985-86	2.30	1.25	-	3.55
Habra	1986-87	1.47	-	0.39	1.86
Ranaghat	1988-89	3.20	0.74	1.96	5.90
	Total	6.97	1.99	2.35	11.31

(g) Arrears of rates and taxes

The arrears in realisation of rates and taxes by the following Municipalities amounted to Rs 1.74 crore as revealed from the demand and collection registers for the respective years.

Name of the Municipality	Year of account	Outstanding Amount (Rupees in lakh)
Barrackpore	1990-91	96.11
Bolpur	1985-86	18.18
Englishbazar	1989-90	23.38
Ghatal	1988-89	4.52
Habra	1986-87	3.95
Mekhliganj	1996-97	7.15
Ranaghat	1988-89	20.25
	Total	173.54

The municipalities did not raise the demands in time nor did take any steps as per the West Bengal Municipal Account Acts and Rules to realise the arrear rates and taxes.

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

HIGHER EDUCATION DEPARTMENT

KALYANI UNIVERSITY

2.2 Non-performance of imported equipment

Equipment imported by Kalyani University at Rs 27.64 lakh for research and teaching purposes remained inoperative frustrating the very purpose of the purchase.

(i) For research and teaching purposes, Kalyani University purchased (1995) a Carbon Hydrogen Nitrogen analyser from LECO Corporation, USA through its Calcutta agent (IR Technology Services) for Rs 12.80 lakh in March 1995 and installed it in Chemistry Department of the University in October 1995. The equipment since then did not exhibit correct/reliable data. The local agent could not locate or rectify the defects although they were provided all facilities. The University, however, did not take up the matter with the supplier at USA or take legal action against the agent for its failure to set right the equipment. Thus, the equipment purchased for Rs 12.80 lakh remained unutilised since 1995.

(ii) One JASCO - Spectropolarimeter was purchased from Japan in February 1993 for Rs 14.84 lakh with the financial assistance of Government of India and was installed in March 1993 for research work in Bio-Physics Department of the University. The instrument remained out of order since October 1997. The University stated (March 1998) that for lack of fund, the instrument could not be repaired. Cost of repair had not, however, been estimated as of April 1998.

The matters were referred to Government in May 1998 ; reply had not been received (November 1998).

JADAVPUR UNIVERSITY

2.3 Unfruitful utilisation of grant

Jadavpur University placed an order for supply of a Fluidised Bed Boiler at Rs 18.15 lakh including erection and commission

In September 1989, Jadavpur University decided that the old boiler be replaced by a new boiler to maintain the normal teaching programme under the scheme 'Modernisation and removal of obsolescence of laboratories' from the grant of Rs 20 lakh received from Government of India for the purpose. Accordingly, a Fluidised Bed Boiler was procured (January 1990) from a firm at Rs 18.15 lakh including erection and commission. The boiler was commissioned by the firm between November 1990 and December 1991.

Scrutiny of records (April 1998) by Audit revealed the following :

The Boiler developed certain problems due to some defects and omissions and could not be made functional

- (i) Three valves of the boiler were found defective during trial run on 31 July 1991.
- (ii) Vibrating screen (noticed in May 1991) was made of high carbon steel instead of stainless steel as per contract.
- (iii) Some of the components of structural coal handling system had not been supplied.

The defects and omissions were not rectified by the supplier. The University paid Rs 16.33 lakh up to February 1992. Payment of only Rs 1.82 lakh were withheld by the University. No penal action was taken against the supplier for this failure. The boiler remained shut down since January 1994.

Delay in commissioning the boiler was due to the following factors.

- (i) Although the boiler was delivered in November 1990, ground inspection of the same by Boiler Inspector was not done up to May 1991.
- (ii) The firm did not adhere to the schedule of commissioning which was changed from 23 March 1991 to 24 August 1991.
- (iii) Onset of monsoon delayed erection of coal handling system.
- (iv) Installation did not proceed at the desired pace.

No inspection was done to ensure that all the components were supplied and were in order at the time of taking delivery of the furnace.

Students are being deprived from gaining practical knowledge

The new equipment was required to be consistent with the latest development of technology so that Mechanical and Electrical Engineering students could get the latest idea of boiler technology.

Due to the failure in operation of the newly installed boiler, the academic purpose was not achieved and Rs 20 lakh spent on installation of the same remained unfruitful.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

MUNICIPAL AFFAIRS DEPARTMENT

Working of Municipalities

Introductory

Audit of Municipalities are conducted by the Examiner, Local Audit Department functioning under the Accountant General (Audit)-I, West Bengal. The State has 115 Municipalities and 6 Municipal Corporations. Report on the working of 3 Municipalities/Municipal Corporations were included in C&AG's Reports (Civil) No.4 of 1995-97. This Report contains the results of audit on the working of 3 Municipalities/Municipal Corporations viz., Ashokenagar-Kalyangarh Municipality, Berhampur Municipality and Siliguri Municipal Corporation.

2.4 Ashokenagar-Kalyangarh Municipality

The Ashokenagar-Kalyangarh Municipality was established in February 1968. The constitution, functions and management of the Municipality are regulated under the West Bengal Municipal Act, 1993 and the Bengal Municipal Account Rules.

Test-check (April 1998) of records relating to activities of the Municipality between April 1992 and March 1997 revealed as under :

1. Annual Administration Report not prepared

Since its establishment, the Municipality did not prepare Annual Administration Report on the activities and performance of the Municipality. Thus, the Government was deprived of being informed about the activities of the Municipality.

2. Deficiencies in Cash Book

(i) The Cash Book of the Municipality was not maintained during various spells between June 1991 and March 1997. It was neither signed by the accountant and the Chairman/Vice-Chairman and closed on the last working day of every month nor the balances reconciled with those shown in the treasury pass book/bank statements during 1991-97. Due to these omissions, correctness of the transactions recorded could not be ensured. The fund balance at any point of time also could not be ascertained.

The Cashier's Cash Book was also not posted regularly. Further, the register of disbursement of cash drawn on self cheques and the register showing details of daily cash balance were not opened and maintained at all nor was the cash at the close of each day's transaction verified as prescribed by the Vice-Chairman or other Commissioner/Councilor of the Municipality.

Ashokenagar-Kalyangarh Municipality established in 1968 failed to prepare the Annual Administration Report since inception

The Cash Book was not authenticated and balanced

(ii) Appropriation register indicating receipt and utilisation of loans and grants for specific purposes, investments, unpaid bills and establishment check register, advance and deposit ledgers was not opened and maintained since inception (February 1968) and consequently, balance sheet showing assets and liabilities was also not prepared.

(iii) The internal checks as prescribed to ensure correctness and regularity in maintenance of accounts, records, etc. were not exercised by the administration.

Non-maintenance of accounts/records in a regular manner and various serious lacunae and deficiency in maintenance of Cash Book indicated serious lack of internal control in the financial management of the Municipality.

3. *Position of demand and collection of rates*

Collection of consolidated rates during 1992-97 ranged between 9 and 17 *per cent* of the total demand. As of March 1997, Rs 78.93 lakh were outstanding as arrears of rates as stated by the Municipality vide table below :

Year	D e m a n d			Collection	Outstanding balance	Percentage of collection
	Arrear	Current	Total			
	(R u p e e s i n l a k h)					
1992-93	51.09	15.40	66.49	5.90	60.59	9
1993-94	60.59	15.40	75.99	12.96	63.03	17
1994-95	63.03	15.40	78.43	8.96	69.47	11
1995-96	69.47	15.40	84.87	10.36	74.51	12
1996-97	74.51	15.40	89.91	10.98	78.93	12

The above figures could not be verified by Audit due to incomplete maintenance of the abstract of demand and collection as well as due to non-preparation of periodical accounts. The Municipality attributed poor collection of rates to shortage of staff although as against 5 sanctioned posts of tax collecting staff, the Municipality engaged 4 during 1992-95 and 5 during 1995-97. However, there was no boost to collection during 1992-97 despite these extra staff.

4. *Irregularities in execution of schemes*

a) *Water Supply Scheme*

Water supply scheme completed in March 1997 at a cost of Rs 1.47 crore not handed over to the Municipality - water connection could not be given to the users

A Water Supply Scheme was approved at an estimated cost of Rs 1.25 crore to be executed through the PHED^{*} to provide water connection to 15,000 households. Although the PHED reported (July 1998) completion of the scheme in March 1997 at a cost of Rs 1.47 crore, the scheme was not yet handed over to the Municipality and water connections to the households were not provided. Reasons for not taking over the scheme were not stated by the Municipality.

PHED - Public Health Engineering Directorate

(b) Projects under Integrated Development of Small and Medium Towns (IDSMT)

Of the four projects under IDSMT scheme, two were partially completed and one not started. The shopping complex completed was not rented out for want of response

Four economically productive projects (commercial complex, shopping complex, industrial sheds and bus terminus) were identified in March 1994 for execution under the IDSMT* at an estimated cost of Rs 1.34 crore to be financed with loans from the Government of India, Housing and Urban Development Corporation and grant from the State Government.

As of March 1998, an expenditure of Rs 50 lakh and physical progress of the work was reported as under :

Serial Number	Name of Project	Estimated cost (net income derivable)	Financial Progress up to March 1998		Percentage of completion as of March 1998
			Receipt	Expenditure	
		(Rupees in lakh)			
1.	Commercial complex at Kalyangarh More (90 shops)	50.00 (4.85)	Not taken up		
2.	Shopping complex at Daroga Bari (42 shops)	24.00 (4.11)	21.00	24.15	completed
3.	Industrial sheds for small scale units at Kachua More and Building More (2 units having 25 shops each)	30.00 (6.04)	19.60	23.88	80
4.	Bus Terminus at Bhatsala More	30.00 (2.23)	3.00	1.97	75
		134.00 (17.23)	43.60	50.00	

The percentage of physical progress as reported against Sl.No.4 above looked arbitrary as actual expenditure came to 7 per cent of the estimate.

Reasons for non-commencement of the project of commercial complex were not available on records. No target dates for completion of any of the projects were fixed. Non-completion of two projects was attributed by the Municipal Engineering Directorate to short receipt of fund.

All the 42 shops of the completed shopping complex remained vacant since February 1996 in spite of investment of Rs 24.15 lakh and consequently, there was loss of potential income of Rs 4.11 lakh per annum.

c) Urban Basic Services for the poor (UBSP)

The Centrally sponsored programme was launched in 1990-91 and the Municipality received Rs 21.42 lakh under the programme (between October 1990 and April 1996).

In July 1994, an Action Plan for 9 out of 22 wards only was prepared with an outlay of Rs 21.09 lakh for the first two years, without indicating the number of people to be benefited. The Municipality spent Rs 13.60 lakh between December 1994 and November 1997 on the programme which included Rs 6.56 lakh spent on road development, extension of water line and

IDSMT Integrated Development of Small and Medium Towns
UBSP Urban Basic Services for the poor

construction of children park not provided for in Action Plan. As the financial and physical progress were not quantified, actual achievement vis-a-vis targets were not assessed.

(d) Nehru Rozgar Yojana (NRY)

(i) With the aim of setting up of micro-enterprises under NRY*, Rs 10.80 lakh were released by Government between April 1990 and November 1997 of which Rs 9.21 lakh were credited by the Municipality and the balance amount of Rs 1.59 lakh remained unaccounted for. Out of Rs 9.21 lakh, Rs 8.65 lakh were withdrawn from the bank on 57 occasions as of March 1998, the purpose for which could not be examined for want of vouchers, which were not made available, though called for.

Rupees 7.11 lakh though released to 220 beneficiaries under NRY, the number of enterprises actually set up was not on records

Up to March 1995, 320 beneficiaries were identified of whom 220 were provided with subsidy of Rs 7.11 lakh for setting up of micro-enterprises. Reasons for not considering the remaining 100 beneficiaries were not intimated by the bank. There was no records to show the number of enterprises actually set up. Thus, the achievement of the scheme was not evaluated.

(ii) The Scheme for Urban Wage Employment envisaged wage employment to urban poor beneficiaries.

Though Rs 44.54 lakh were received by the Municipality between April 1990 and November 1997, the Municipality withdrew Rs 37.01 lakh from bank between August 1990 and April 1997, no vouchers were produced to Audit for verification. Scrutiny of the separate Cash Book maintained for the scheme, indicated diversion of Rs 8.65 lakh for general purposes.

Two schemes were executed at Rs 6.93 lakh by engaging contractors which defeated the object of generation of employment for the poor

The progress report (June 1996) did not indicate the number of beneficiaries identified for the scheme. The Cash Book showed that two works (estimated cost : Rs 6.93 lakh) were executed by engaging contractors which defeated the objective of the scheme. Besides, 78 works relating to drainage, street lighting etc., were taken up without the approval of the District Urban Development Agency. In the absence of progress report of the subsequent years, the actual achievement could not be examined.

5. Poor utilisation of Matri Sadan

In April 1986, the Municipality took over a Matri Sadan (Maternity cum Hospital) from a Seva Sangha which had kept the Sadan closed since January 1982. During 1992-97, apart from the salary of the Health Officer deputed by the Government, the Municipality spent Rs 3.58 lakh on staff salary and contingency, while the number of patients during this period was only 24 in indoor department (containing 7 beds) and 151 in outdoor department. The poor attendance of patients was attributed by the Municipality to inadequate facilities in the Matri Sadan which could not be improved due to non-receipt of Government grant.

6. *Adjustment of advances wanting*

Advances made to the executives not adjusted

No advance register was opened and maintained since the establishment of the Municipality. As per Cash Book, advances aggregating Rs 5.44 lakh was paid up to 1997 to its executives and staff for meeting labour costs for drain clearance, removal of bushes, contingent and legal expenses etc. No steps were taken to adjust or recover the same. No records were also maintained to indicate the jobs/works to be executed, or services to be rendered with the advances.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

2.5 Berhampur Municipality

The Municipality covers 1015 square kilometre area and 1.17 lakh population as per 1991 census. The accounts and records of the Municipality for the period 1987-97 were test-checked between December 1997 and March 1998.

The extent of growth and development in essential civic facilities of the Municipality during 1987-97 was as below :

Year	Area in KM ²	Population	Road in KM		Street light points	Water source		Number of holdings
			Metalled	Non-metalled		Pump	Tubewell	
1987	1015	92,903	187	164	4700	5	1735	19972
1997	1015	1,17,548	220	500	5900	5	1735	21731

2.5.1 *Status of accounts*

Accounts not compiled since 1986-87.

Accounts were not prepared since 1986-87. Expenditure of Rs 19.25 crore for the period of 1986-97 were thus not accounted for.

Deficiencies in Cash Book

The Accountant's Cash Book was either not maintained or maintained in an incomplete manner. The receipt side of the accountant's Cash Book pertaining to the period from April 1986 to March 1992 and again from August 1997 to July 1998 was not posted while entries in the expenditure side for the periods from April 1989 to November 1992 and from June 1996 to July 1998 were not posted (July 1998). The postings in the Cash Book were not serially numbered with reference to receipts/challans and vouchers and were not classified. Vouchers for the years 1986-87 to 1992-93 and 1994-95 to 1996-97 were not produced to Audit and hence expenditure for these years could not be vouchsafed. Cashier's Cash Book, where daily receipt of cash/cheques etc., were recorded, between April 1991 and August 1991, was not produced to Audit. Municipality did not state reasons for arrears/incompleteness in accounts, records, etc. The Municipality did not take any step to overtake the

arrears in accounts or keep the important accounts records properly/ completely.

2.5.2 Budget

Budget not prepared for any year

Budget was not prepared for any year during the period under review. In March 1991, Government directed the Municipality to prepare the budget, but this was not followed. Government did not pursue the matter thereafter and continued to release grants on the basis of provisions made in the State budget for the purpose. Hence any effective exercise of budgetary control was not practised.

2.5.3 Position of receipts and expenditure

The position of receipts and expenditure for the period from 1986-87 to 1996-97 was analysed in audit on the basis of entries in Treasury Pass Books, Cash Book, counterfoils of cheques, etc. as the accounts for these years were not finalised.

During 1986-87 to 1996-97, the receipts were Rs 21.88 crore (own source : Rs 5.37 crore, Government grant : Rs 14.50 crore, Debt Deposit : Rs 2.01 crore) as against an expenditure of Rs 19.25 crore.

Steady increase in establishment expenditure vis-a-vis decline in developmental expenditure

Scrutiny revealed that the expenditure on establishment over the total expenditure increased from 47 per cent in 1986-87 to 76 per cent in 1996-97 consequently developmental expenditure declined from 53 per cent to 24 per cent as would be seen from table below :

Year (Two year basis)	Receipt				Expenditure			Percentage over total expenditure	
	Own source	Estab- lishment grants	Other grants	Total	Estab- lishment	Develop- ment schemes etc.	Total	Estab- lishment	Develop- ment schemes
	(R u p e e s i n l a k h)								
1986-87	33.01	51.94	26.55	111.50	72.55	83.03	155.58	47	53
1987-88	12.29	58.92	20.35	91.56	83.21	63.33	146.54	57	43
1991-92	23.49	76.06	2.37	101.92	99.23	2.40	101.63	98	2
1992-93	22.80	110.37	32.06	165.23	134.34	14.82	149.16	90	10
1995-96	59.60	138.13	32.55	230.28	194.90	54.53	249.43	78	22
1996-97	103.17	166.30	91.23	360.70	242.80	75.00	317.80	76	24

The table would indicate that expenditure exceeded receipts by Rs 44.08 lakh and Rs 54.98 lakh in 1986-87 and 1987-88 respectively. The allotment for establishment grant was also raised from Rs 51.94 lakh in 1986-87 to Rs 166.30 lakh in 1996-97.

As on 31 March 1997, the Municipality had a liability of Rs 298.75 lakh as against the availability of funds of Rs 47.20 lakh only (closing balance of 7 bank accounts : Rs 13.44 lakh, closing balance as per treasury pass book : Rs 33.45 lakh and cash in hand : Rs 0.31 lakh).

2.5.4 Manpower management

(a) Deployment of staff in excess of sanctioned strength

The Municipality was not authorised to operate posts carrying a monthly

salary of Rs 1000 or to raise the salary above Rs 1000 per month, without the approval of Government.

During the period 1991-97, several posts were operated (including those carrying salary above Rs 1000) in excess of its sanctioned strength as detailed below :

	Y e a r					
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Sanctioned strength	564	564	574	580	580	580
Men-in-position	596	592	596	596	618	618
Excess	32	28	22	16	38	38

Entertainment of excess staff resulted in additional expenditure of Rs 79 lakh during 1991-97

This resulted in an excess expenditure of Rs 79 lakh during 1991-92 to 1996-97.

(b) Under the scheme 'Conversion of service privies into sanitary latrines' under Centrally sponsored Ganga Action Plan and Integrated Development of Small and Medium Towns Schemes, the Municipality reported conversion of 3841 privies (as on 1 April 1984) into 2994 sanitary latrines by March 1994 (78 per cent conversion). Seventy-nine out of 103 scavenging staff became surplus by such conversion. The Municipality retained the excess scavenging staff which resulted in additional expenditure of Rs 99.45 lakh on account of salaries of these excess staff as of March 1998.

(c) *Engagement of Casual staff without justification*

In spite of excess staff in all cadres, the Municipality continued to engage casual workers and workers on consolidated pay of Rs 150 to Rs 250 per month in different departments and spent Rs 65.17 lakh on this. No register/records were maintained to indicate duties assigned to these staff and to evaluate their work.

2.5.5 Execution of development schemes financed by Government

Municipality received between 1986-87 and 1996-97 Rs 3.64 crore as grant and loans for execution of plan schemes.

Due to non-maintenance of appropriation register of grants and loans, work register, scheme register and non-production of relevant vouchers and in the absence of accounts for the years from 1986-87, physical and financial progress of the schemes could not be assessed in Audit.

Execution of some schemes are discussed below :

(a) *Integrated Development of Small and Medium Towns (IDSMT) Scheme*

The IDSMT, a Centrally sponsored scheme envisaged provisions of infrastructure and other essential facilities for development of towns. The fund provided under this scheme comprised of grant and loan. The loan was to be utilised on a revenue generating project which would be self sufficient in defraying the loan liability out of income received from it.

(i) The Municipality received during 1983-87 Rs 61.38 lakh (grant : Rs 36.52 lakh and loan : Rs 24.86 lakh) under this IDSMT scheme.

The principal or interest was not repaid (March 1998) by the Municipality as per terms and conditions of the loan leading to an accumulation of interest and penal interest of Rs 24.93 lakh over and above the unpaid principal amount of the loan (March 1997).

(ii) A super market with 175 stalls was constructed during 1989-96 at Rs 26.63 lakh under this scheme. Although Rs 9.31 lakh was realised up to March 1997 on account of rent, this amount was not utilised for defraying loan liability, but utilised for maintenance of the market.

(b) In the absence of Appropriation Register of grants and other related records/documents the utilisation of following grants could not be verified in Audit :

Serial number	Ref. of GO No. and date	Amount (Rupees)	Specific purpose of grant
1.	4/L-10/2W-29/87 dt. 8.3.87	8.11,000	Funds received by the Municipality from various sources for water supply scheme were required to be transferred to the Public Health Engineering Directorate to report the compliance to the Local Government and Urban Development Department, Government of West Bengal
2.	154/C-10/1G-3/87 Part II(2) dt. 24.3.88	9,83,680	Receipt of grant and disbursement of the same to Executive Engineer, Krishnagar Division of Municipal Engineering Directorate, was required to be shown in the Appropriation Register which was not maintained at all
Total		17,94,680	

(c) Rupees 16.39 lakh were deposited with various authorities to undertake municipal works as 'deposit works' as detailed below :

Serial number	Ref. of voucher No. and date/cheque No. and date	Amount (Rupees in lakh)	To whom paid for deposit work	Purpose	Remarks
1.	Vr.No.15 dt.12.4.93 Ch.No.599722 dt.12.4.93	5.59	Executive Engineer, Murshidabad Highway Division	For repair of 4 roads out of development grant	Administrator's order of April 1993
2.	Vr.No. not noted Ch.No.143318 dt.10.5.93	1.00	Executive Officer, Murshidabad Zilla Parishad	To set up park at Circus Maidan	Memo No. 622/MA May 1993
3.	Vr.No.17 dt.2.3.93 Ch.No.599720 dt.2.3.93	9.80	Executive Engineer, Berhampur Division, Murshidabad	Deposit work out of development grant	Resolution No.36 March 1993

The completion certificates/statements indicating physical and financial progress of work or documents showing handing over of the assets to Municipality, were not produced to Audit.

2.5.6 Water Supply project

For augmentation of water supply in municipal areas, Public Health Engineering Department, Murshidabad Division, constructed a water supply project at a cost of Rs 71.98 lakh. The Municipality did not take over and maintain the project, due to acute financial crisis. However, Rs 21.89 lakh collected by the Municipality as house connection fees for providing water

supply to houses during 1989-90 to 1996-97 were re-appropriated for meeting its own expenses.

2.5.7 Profession tax realised but not deposited with Government

It was reported in paragraph 2.11 of the Comptroller and Auditor General's Report No.4 (Civil) for the year ending 31 March 1995 that for the period from January 1991 to June 1995, professional tax aggregating to Rs 3.96 lakh deducted from the monthly salary bills of employees was not deposited to the Government by the Municipality. Further scrutiny revealed that this position continued as of March 1998 and Rs 4.26 lakh stood due for deposit on this account in addition to a liability towards penal interest of Rs 2.75 lakh (March 1998).

2.5.8 Position of demand and collection of rates and taxes

Yearwise position of demand, collection, remission, rebate and balance of rates and of taxes are included in Appendix 4.

The total demand of the Municipality during 1986-87 to 1996-97 increased from Rs 28.32 lakh in 1986-87 to Rs 139.05 lakh in 1996-97. The percentage of collection over demand before allowing rebate and remission varied between 24 and 70 during 1986-97 while it ranged between 22 and 54 for actual collection as against the prescribed rate of 85 *per cent*.

The Municipality allowed remission of Rs 33 lakh each year during 1995-96 and 1996-97 on account of excessive hardship, the validity of which could not be verified as relevant records were not furnished to Audit. Rupees 57.76 lakh remained unrealised as on 31 March 1997.

2.5.9 Defalcation of municipal funds

A scrutiny of the Cashier's Cash Book brought out the following irregularities in remittance of money collected at office to Bank/Treasury.

- (i) Rupees 1.12 lakh in respect of collection during March 1987 to March 1997 was shown deposited on 31 March 1998 to United Industrial Bank (now merged with Allahabad Bank) in the Cashier's Cash Book but this could not be verified as the Bank Pass Book with supporting receipt was not shown to Audit. State Government may pursue this as a case of probable defalcation.
- (ii) Rupees 9,301 collected through miscellaneous receipt book between 1994 and 1995 were not credited to the Municipal fund as of March 1998. The amounts were thus defalcated.
- (iii) Verification of receipts of rates indicated that Rs 27,194.93 were collected in April 1988. However, credit of this amount to municipal fund could not be checked with the Receipt Cash Book as five pages of it were missing. No challan to treasury and bank receipts in support of the credit were shown. There was possibility of misappropriation of

this amount.

- (iv) Rupees 7,345.64 remained undisbursed in respect of payment of salary for the month of February 1987.
- (v) No physical verification of cash was conducted during the period under review.

Government need to investigate these cases to fix responsibility for these defalcation and take corrective action.

2.5.10 Non-deposit of Provident Fund (PF) money

Loss of interest due to non-deposit of PF money

Balance at credit of PF of the employees as per treasury pass book as on 31 March 1997 was Rs 2,43,701.95 while that as per PF* Abstract of individual ledger balances on that date was Rs 53,67,401.00. The discrepancy of Rs 51,23,699.05 between the two sets of balances was due to the following:

- (i) Non-deposit of PF money deducted from salary but not credited to fund account at Treasury was as below :

(i)	For the period up to 31 March 1986	:	Rs 7,11,329.41
(ii)	For the period from April 1986 to March 1997	:	Rs 28,20,347.00
(iii)	Loss of interest up to 31 March 1986	:	Rs 4,76,851.41
(iv)	Loss of interest from April 1986 to March 1997	:	Rs 11,15,171.23
Total		:	Rs 51,23,699.05

Due to non-crediting of the Provident Fund money in spite of regular deductions from the salaries of the employees, the Provident Fund Account suffered a loss of interest to the tune of Rs 15.92 lakh.

- (ii) Due to non-availability of adequate balance in the Provident Fund Account they had paid PF advance of Rs 8.34 lakh to the employees out of general fund during 1991-92 to 1996-97.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

2.6 Execution of Development Scheme

Non-maintenance of basic records

Scrutiny of records relating to execution of works by HMC* during the period 1992-97 revealed that the Corporation did not maintain Work Register, Grant Appropriation Register, etc., showing the financial and physical progress of works undertaken during the period. However, records relating to three development works were test-checked in Audit and important findings are

PF - Provident Fund
HMC Howrah Municipal Corporation

produced below :

(a) Salkia Flyover Project

Execution of Salkia Flyover Project remained at initial stage even after investment of Rs 1.97 crore

In order to ease the chronic traffic congestion at Salkia Four Point Crossing, the CMDA** approved (December 1990) "Salkia Flyover Project" and accorded administrative approval and financial sanction for a grant of Rs 4.85 crore in March 1994. The sanction order did not indicate the schedule for completion of the project nor was it fixed by the Corporation.

The grant included the cost of construction of flyover : Rs 2.10 crore , land acquisition : Rs 1.06 crore and others : Rs 1.69 crore.

HMC received a sum of Rs 2 crore from CMDA between March 1993 and March 1997 and spent Rs 1.97 crore during November 1990 to March 1997 as per statement of receipts and expenditure forwarded by HMC to CMDA.

HMC deposited between March 1993 and March 1997 Rs 1.03 crore (97 per cent of the total estimated cost of land) to the Land Acquisition Collector, Howrah for acquisition of land measuring 88 cottahs (comprising 42 plots). However, only two plots in full and one more in part could be acquired as of June 1997 for handing over to the HMC. The reasons for delay in acquisition were neither on record nor stated though called for.

Meanwhile, HMC submitted a revised estimate of Rs 9.94 crore for the project (as prepared by the Howrah Improvement Trust) to the CMDA in January 1996 which was not approved by CMDA as of July 1998.

Thus, investment of Rs 1.97 crore remained unfruitful and the fate of construction of the project taken up from November 1990 was uncertain.

(b) Investment on Haragunge market remaining unfruitful

Unfruitful investment - loss of estimated income of Rs 5.23 crore from lease and Rs 6.95 lakh from rent

HMC proposed (September 1993) to develop the existing Haragunge Market with a construction of "G+2 storey" building, covering ground area of 6500 square metre (approx). Westing House Saxby Farmer Limited was issued work order in July 1994 for Rs 3.64 crore in response to their tender bid for completion of the work by January 1996, failing which the contractor would be liable to pay penalty at the rate of 1 per cent of the total contractual value of the work every month. No escalation of price would be admissible.

The contractor commenced work in September 1994 and submitted a revised estimate of the project for Rs 4.51 crore on 18 May 1995 owing to increase in cost of some items of work which was sanctioned by the Mayor-in-Council in July 1996. Only 30 per cent of the work was completed and a sum of Rs 83.68 lakh was paid to the company during the period from December 1995 to June 1997.

The request for further cost escalation was not agreed to by HMC. The contract was terminated in November 1997. No penalty was, however,

** CMDA - Calcutta Metropolitan Development Authority

imposed on the plea that it was a Government company.

The ground floor of the market was allocated to the erstwhile occupants of the old market and 804 shops/stalls was available for lease (estimated lease value : Rs 5.79 crore). The register of Survey Department (Market) indicated that there were 81 applicants of which 73 deposited Rs 56.41 lakh between December 1995 and June 1996, but did not get the possession of shops due to non-completion of construction. The position of remaining 723 shops/stalls was not recorded in the register. The reasons for poor response for the lease were also not stated (July 1998).

The lessees would pay yearly lease-rent to be decided by the Corporation. The Rent Register indicated that the existing holders(235 nos) paid a monthly average rent of Rs 36. Hence, even at the minimum prevailing rate of the ground floor, annual lease rent of Rs 3.47 lakh (804 X 36 X 12) was not realised.

Thus, the benefit from the investment of Rs 83.68 lakh did not materialise and an estimated income of Rs 5.23 crore from lease and potential monthly rent of Rs 6.95 lakh up to April 1998 could not be realised.

(c) Non-allotment of stalls/guddies of Howrah Hat Complex for 5 years

No steps taken to sell 453 stalls and 69 guddies valued at Rs 4.79 crore lying unsold for last 5 years

In connection with execution of the project, 'Howrah Hat Complex' (Main) at an estimated cost of Rs 1.85 crore, the HMC maintained a separate fund/bank account from April 1993. A sum of Rs 48.41 lakh was spent for the purpose during April 1993 to September 1995. As per the report of December 1997 furnished by the Engineering Department to the Mayor, HMC, construction was completed up to 3rd floor with 1241 stalls at basement, ground and first floor and 296 guddies at 2nd floor and 3rd floor. The HMC sold 788 stalls and 227 guddies at a cost of Rs 4.86 crore between April 1992 and December 1997 as per the aforesaid report. However, this transaction was not reflected in the Cash Book. During the last 5 years 453 stalls and 69 guddies could not be sold by the Corporation and the value of these was assessed by the Corporation at Rs 4.79 crore as indicated below :

Particulars of stall/guddi		No. of stalls/guddies	Rate	Total amount
			(Rupees in lakh)	
Stall				
(a)	Basement floor	23	0.36	8.28
(b)	Ground floor	114	1.10	125.40
(c)	1st floor	316	0.80	252.80
Guddi				
(a)	A type	33	1.526	50.35
(b)	B type	25	1.38	34.50
(c)	C type	4	0.80	3.20
(d)	D type	7	0.59	4.13
			Total	478.66

Reasons for stalls (453) and guddies (69) remaining unsold during the last 5 years and steps taken to sell were not on record nor stated by the HMC (July 1998).

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

2.7 SILIGURI MUNICIPAL CORPORATION

Siliguri Municipality was established in May 1949 under the Bengal Municipal Act, 1932, by upgrading the Union Board. The Municipality was further upgraded as Municipal Corporation in June 1994 with the introduction of Siliguri Municipal Corporation Act, 1990.

A test-check of the accounts and records covering the period from April 1992 to March 1997, conducted between February and May 1998 revealed the following irregularities :

(i) Growth of the Corporation in terms of area, population and other civic facilities during 1987-97 was as under :

Year	Area	Population	Roads	Street Light	Holdings	Water source
1987	15.5 km ²	1,53,825	146.70 km	1657	19918	Tube wells/Traditional wells
1997	41.9 km ²	3,83,361	450.00 km	10000	66946	Only 10 <i>per cent</i> of population is served by road side tap water. Water supply scheme taken up by the corporation in April 1994 was still in progress (August 1998).

(ii) *Status of accounts*

Accounts not compiled since 1985-86. Even the Cash Book was not maintained properly. A firm of CA appointed in March 1995 has not cleared even one year's accounts in 3 years.

Preparation of accounts (receipt and payment account and balance sheet as per format prescribed in Municipal Account Rules) were in arrears since 1985-86. Grants-in-aid were released by Government even without considering the accounts.

A chartered accountant's firm was engaged in March 1995 to clear the arrears of accounts without setting any target date for completion of work. The firm, however, have not cleared accounts for even one year as of September 1998.

(iii) The following lapses/omissions in maintenance of accounts records were noticed.

(a) *Deficiencies in Cash Book*

- * Entries in Cash Book were not authenticated by the Drawing and Disbursing Officer (Finance Officer).
- * Receipts and payments in the Cash Book were not classified.
- * Cash Book balancing and authentication on the last working day of

each month, as required was never done. In the absence of balances, cash analysis under different heads was not done. Reconciliation of balance as per Cash Book with that as per Treasury/Bank Pass Books was also not done.

- * Correction and alterations made in the Cash Book were not authenticated.
- * Vouchers were not numbered consecutively for the year in order of date(s) of payment and were kept loose without pasting in guard file. This practice was fraught with the risk of serious irregularities/ misappropriation, embezzlement etc. remaining undetected.

(b) Control registers

- * Appropriation Registers showing receipts and utilisation of Government grants/loans for specific purposes were not maintained.
- * Establishment check registers showing month-wise recurring payments of salary, electric and other recurring charges, unpaid bill register, loan register, advance and deposit ledgers were not maintained.

(iv) Response to Audit

In the course of review, out of 39 queries followed by several reminders, replies to only 10 were furnished.

(v) Budget

Budget for the years test-checked was prepared and submitted to Government for approval. Government did not communicate its approval. The budget thus stood automatically accepted by Government as per provisions of the Act.

Unrealistic budget estimates

The budget was prepared on the basis of actuals for the earlier three years. However, the authenticity of 'actuals' recorded in the budget could not be verified in audit as accounts and other related records for those years were not maintained.

(vi) Position of receipts and expenditure

During 1992-97, the receipts and expenditure were as follows :

Year	Receipt					Expenditure		
	Own source	Government revenue grant	Government capital grant	Loan	Total	Establishment and others	Development	Total
	(Rupees in Lakhs)							
1992-93	119.76	157.12	57.37	78.08	412.33	144.92	49.05	193.97
1993-94	107.27	160.67	231.48	104.70	604.12	175.45	222.28	397.73
1994-95	137.59	267.30	525.97	902.76	1833.62	217.11	555.23	772.34
1995-96	219.18	209.49	645.23	608.00	1681.90	261.26	648.85	910.11
1996-97	354.22	256.79	894.83	3.50	1509.34	321.47	768.35	1089.82

Growth of income was not in tune to the rising cost of SMC

The Corporation's own sources of income covered 8 to 29 *per cent* of the income during 1992-97 while it could cover 18 to 62 *per cent* of the total expenditure during the same period. Excepting 1993-94, the percentage of expenditure for development purposes over available fund did not exceed 36 *per cent* as shown in the table below :

	1992-93	1993-94	1994-95	1995-96	1996-97
Percentage of own source of income over total receipt	29	18	8	13	23
Percentage of own income over total expenditure	62	27	18	24	33
Percentage of development expenditure over receipt of development grants, loans including balance	36	53	34	28	30

(vii) Position of demand and collection of rates and taxes

Year-wise position of demand, collection, remission and balance for the years from 1992-93 to 1996-97 are included in Appendix-5:

Current demand during 1992-93 to 1996-97 decreased from Rs 80.74 lakh in 1992-93 to Rs 80.20 lakh in 1996-97. The percentage of collection over demand before allowing remission ranged between 39 *per cent* and 59 *per cent* during 1992-97. However, actual collection ranged only between 38 *per cent* and 59 *per cent* as against the prescribed rate of 85 *per cent*. As of March 1997, Rs 76.66 lakh remained unrealised.

(viii) Wasteful expenditure in implementation of Nehru Rozgar Yojana

Centrally sponsored Nehru Rozgar Yojana Scheme taken up, proved unfruitful in absence of proper monitoring

The Corporation undertook the following two components for implementing the Nehru Rozgar Yojana :

- (i) 'SUME*', to provide training and infrastructural support.
- (ii) Scheme for providing employment through SHASU** in low income neighbourhoods.

(a) SUME

Under the scheme, 75 *per cent* as loan was to be provided by banks and 25 *per cent* as subsidy to be given by Municipality/Corporation. The corporation received during 1991-92 to 1997-98 a grant of Rs 34.74 lakh. Applications for 1911 beneficiaries under the project were received and forwarded to the banks. The banks selected 1361 applications and released a loan of Rs 71.26 lakh and a subsidy of Rs 23.75 lakh. There was nothing on record to show that the SMC monitored and evaluated the scheme. It was stated (April 1998) by the Project Officer, SMC that the beneficiaries were not eager to set up enterprises and

SUME Scheme for setting up Micro-Enterprise
SHASU Scheme for Housing and Shelter Upgradation

were only interested in receiving money. No recovery of loans was effected.

(b) SHASU

Under the programme, SMC received Rs 94.45 lakh as grant from Government and Rs 156.14 lakh as loan from HUDCO^{***}. Against 10,000 beneficiaries who were to receive Rs 4000 (Rs 3000 as loan and Rs 1000 as subsidy) each for shelter upgradation, only 5000 beneficiaries were provided with a loan assistance of Rs 3000 each as of March 1993. The subsidy component of Rs 1000 was not paid to them. However, the entire amount of subsidy of Rs 60 lakh was shown as utilised in the utilisation certificate submitted to Government. The expenditure incurred under the programme during 1991-98 was Rs 1.84 crore and the unutilised balance of Rs 66.59 lakh was retained by the Corporation.

Only Rs 7.20 lakh out of Rs 1.50 crore were recovered from the beneficiaries (April 1998) while the SMC had to repay out of its own fund to HUDCO, the loan liability with an interest amounting to Rs 1.02 crore.

There was no evidence of any monitoring and evaluation or field verification done to ascertain existence of infrastructure/assets created under the scheme.

(ix) Short deposit of Provident Fund amount

Due to short credit of subscription to Provident Fund, the fund sustained loss of interest of Rs 8.87 lakh up to March 1998

Between 1985 and 1992, SMC had deducted Rs 27.36 lakh from the salary of employees on account of PF subscription, but deposited only Rs 23.42 lakh in the PF account resulting in a short credit of Rs 3.94 lakh. SMC admitted the position in May 1998 and stated that this was done erroneously and the amount would be deposited shortly, but this was not done as of July 1998. PF account thus sustained a loss of interest of Rs 8.87 lakh up to March 1998 due to this omission.

(x) Excess expenditure on account of purchase of cement from market

Purchase of cement from market instead of from WBECSC led to an excess expenditure of Rs 20.30 lakh

For execution of various works, SMC procured during 1995-98 8900 tonnes of cement at a cost of Rs 2.41 crore from the market against the Government directive that this should be purchased from WBECSC^{*}. Without obtaining a 'no stock certificate' from WBECSC, CEO of SMC ordered purchase of cement from the market.

Further, the purchase was made without tender procedures as per requisitions placed by the Engineering staff of SMC. Records at WBECSC revealed that they had sufficient stock of cement during the period and their price was lower than that prevailing in the market. This resulted in an excess expenditure^{*} of Rs 20.30 lakh.

HUDCO - Housing and Urban Development Corporation
WBECSC - West Bengal Essential Commodities Supply Corporation
CEO - Chief Executive Officer

8900 M.T. of cement purchased @ Rs 2476 to Rs 2730 instead of @ Rs 2207 to Rs 2445 (WBECSC Rate)
Difference : Rs 27.42 lakh minus Rs 7.12 lakh (Transport charge - chargeable by WBECSC)

= Rs 20.30 lakh

(xi) Loss due to delay in assessment

Realisation of property tax at unrevised rate during 1994-97 resulted in loss of revenue of Rs 4.56 crore

Property Tax of land and building in a holding is determined on the annual value of that holding, assessed every five years. General revision of annual value of holdings which was due in April 1994, was made effective after 3 years. The Corporation stated that due to elections, the matter could not be finalised in time. The delayed assessment resulted in a loss of revenue of Rs 4.56 crore as below :

Rupees in lakh				
Date	No. of holdings	Total annual value	Total annual Property Tax	Actual demand after remission
01.04.1994	20176	242.39	80.20	80.20
01.04.1997	66946	1621.16	536.28	80.20
		Difference	456.08	

Rates were revised in 1994-95 and was made effective from 1997-98. The number of holdings increased during 1994-97 by 46770 and the property tax assessed at the revised rate was Rs 536.28 lakh. However, the Corporation granted remission of tax to the extent of Rs 456.08 lakh (Rs 536.28 lakh - Rs 80.20 lakh) thereby reducing the demand to Rs 80.20 lakh which was at par with the pre-revised rate and thus the new assessment was not effective. Consequently, the Corporation lost Rs 47.69 lakh* in terms of reduced collection of rates/taxes. No reason for such excessive reduction of tax was stated.

(xii) Loss for non-allotment of market stalls

Non-allotment of market stalls led to loss of Rs 12.66 lakh

The SMC did not allot stalls under sheds of a market complex, constructed at total cost of Rs 11.63 lakh in August 1992 leading to a loss on account of rent to the tune of Rs 12.66 lakh up to April 1998. Reasons for non-allotment were not stated.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

* Calculation method of assessment of property tax Collection

1994-95	Amount of collection: Rs 82.02 lakh	Difference: Rs 29.11 lakh (Rs 111.13 lakh - Rs 82.02 lakh)
1995-96	Amount of collection: Rs 92.55 lakh	Difference: Rs 18.58 lakh (Rs 111.13 lakh - Rs 92.55)

New rate - 1996-97: Rs 111.13

Demand

1994-95	Amount of demand: Rs 80.20 lakh
1996-97	Amount of demand: Rs 80.20 lakh

No increase in demand inspite of increase of numbers of holdings from 20176 to 66946, although new assessment effected from 1.4.97.

PANCHAYATS DEPARTMENT

2.8 Working on Zilla Parishads

2.8.1 Introduction

Under the three tier Panchayat system, ZP is the apex body in the district which supervises and monitors the working of PSs and GPs, the block level and village level local self Government bodies. Funds are released by the ZPs for implementation of various schemes to PSs and GPs. There are 17 ZPs, 341 PSs and 3329 GPs in the State (March 1998). The ZP is empowered to advise the State Government on all matters relating to the 'development' work within GPs and PSs.

2.8.2 Organisational Set up

Zilla Parishad is headed by the Sabhadhipati who is an elected representative and consists of other elected members. The District Magistrate is the Executive Officer of the ZP. The Panchayat Samitis are headed by Sabhapatis and the Gram Pradhan is the executive head of the GP.

Accountant General (Audit)-I, West Bengal is entrusted under the West Bengal Panchayat Act 1973 with the responsibility of audit of ZP and PS. The GPs are audited by the EOP. Centrally sponsored scheme funds are spent as per prescribed percentage by ZPs, PSs and GPs. However, the schemes were mostly executed by GPs. Primary records of expenditure like payment vouchers, muster rolls, measurement books, etc., are maintained by the Gram Panchayats. As a result, most of the expenditure incurred for implementation of Centrally sponsored schemes by the GPs were not covered in audit by Comptroller and Auditor General of India.

2.8.3 Audit coverage

A review of the activities of 5 ZPs during 1994-97 was included in the Report of the Comptroller and Auditor General of India for the year ended March 1997. Review of functioning of the 12 ZPs* for the period 1994-97 was conducted during 1997-98 and results of review are discussed in the succeeding paragraphs.

2.8.4 Highlights

Zilla Parishads did not raise revenue of even one per cent of their total receipts and were largely sustained by financial assistance of Government. Recommendation of Finance Commission set up by the State Government suggesting means to raise the resources of the ZPs were not considered.

(Paragraphs 2.8.5 and 2.8.8)

The abbreviations used in this review have been listed in the glossary in Appendix 7, (Page 85).

ZP - Zilla Parishad, PSs - Panchayat Samitis, GPs - Gram Panchayats EOP - Executive Officer, Panchayat

* 1. Bankura, 2. Birbhum, 3. Coochbehar, 4. Dakshin Dinajpur, 5. Hooghly, 6. Howrah, 7. Jalpaiguri, 8. Malda, 9. Murshidabad, 10. Purulia, 11. Siliguri, 12. Uttar Dinajpur.

Zilla Parishads did not submit budget proposals to Government in time. Government did not issue any directions to the ZP for timely submission of budgets.

(Paragraph 2.8.6)

Some ZPs did not prepare accounts since 1994-95. As a result, the expenditure of Rs 873.75 crore in 12 ZPs was not accounted for. Government did not ensure that the accounts were brought up to date.

(Paragraph 2.8.9)

Three hundred and thirteen cheques involving Rs 2.59 crore issued by 10 Zilla Parishads during January 1971 to March 1997 were not encashed and lapsed. The amount shown as spent in the accounts of these Zilla Parishads were actually not utilised.

(Paragraph 2.8.10(f))

Proper accounting of receipts and utilisation of grants were not done by any of the Zilla Parishads. Thus, no effective monitoring of the financial/physical progress of the schemes/programmes/works was possible. Most of the accounts records and important control registers etc. were either not maintained at all or were incomplete. Cash Books of ZPs indicated serious shortcomings and deficiencies and would need urgent corrective action.

(Paragraphs 2.8.10 and 2.8.11(a),(b))

Although Zilla Parishads spent Rs 549.01 crore during 1994-97 for creation of durable assets in execution of Centrally sponsored schemes, no asset registers were maintained in disregard of the requirement of these schemes.

(Paragraphs 2.8.5 and 2.8.11(d))

Rupees 35.32 crore of Jawahar Rozgar Yojana were retained in the Treasury instead of in savings accounts in banks in violation of Government of India instruction leading to loss of interest of Rs 1.85 crore.

(Paragraph 2.8.13(a))

Scheme funds (Jawahar Rozgar Yojana, Integrated Jawahar Rozgar Yojana, Employment Assurance Scheme, Million Wells Schemes, etc.) to the extent of Rs 19.09 crore were misused for general purposes and unauthorised expenditure on electrification work.

(Paragraph 2.8.13(b)&(c))

Rupees 3.87 crore were misutilised for supplementing budgetary funds of other Government departments by 5 Zilla Parishads instead of implementing the schemes.

(Paragraph 2.8.13(d))

In 4 Zilla Parishads and in Siliguri Mahakuma Parishad, Rs 1.92 crore were spent unauthorisedly out of Jawahar Rozgar Yojana fund for construction of administrative buildings in 42 Panchayat Samitis in disregard of scheme guidelines.

(Paragraph 2.8.13(e))

Zilla Parishads did not submit utilisation certificates for Rs 316.96 crore of funds allotted to them for execution of various schemes during 1994-97.

(Paragraph 2.8.14)

Howrah and Hooghly ZPs could utilise only Rs 11.82 crore (50 per cent) of the available fund of Rs 23.67 crore on construction of houses under Indira Awas Yojana during 1994-97.

(Paragraph 2.8.15(a))

Out of expenditure of Rs 52.78 crore on JRY during 1994-97 the two ZPs spent Rs 22.72 crore (43 per cent) only on wages, thus, failing in generation of employment of 22.37 lakh mandays and overspending of Rs 8.95 crore on material component of the scheme.

(Paragraph 2.8.15(e))

Siliguri Mahakuma Parishad unauthorisedly retained Government grant of Rs 51.50 lakh allotted for other departments.

Out of Rs 53 lakh allotted for construction of a river bridge, Siliguri Mahakuma Parishad diverted Rs 52.63 lakh on purchase of cement without constructing the bridge.

(Paragraph 2.8.15(f))

Government appointed Regional Audit and Accounts Officer in each division for compilation of Accounts and internal audit of ZPs. Even though these posts were filled up, no internal audit was conducted at ZP level.

(Paragraph 2.8.17)

2.8.5 Funding of expenditure of ZPs

ZPs are financed mainly by the Government. ZPs have been empowered under the provisions of West Bengal Panchayat Act 1973, to levy tolls, fees and rates on vehicles, roads, bridges, ferry and collect water and lighting rates where

arrangements for supply of water and lighting have been made, to raise revenue of their own. But income from their own source was even less than one *per cent* of total receipts. During 1994-97, total receipts of 12 ZPs was Rs 935.61 crore and expenditure was Rs 873.75 crore as detailed below :

	1994-95	1995-96	1996-97	Total
Receipts	(Rupees in crore)			
Own source	1.23	1.36	1.64	4.23
Grants for establishment and others	45.28	92.75	81.25	291.82
Grants for development schemes	246.03	219.45	174.08	639.56
Expenditure				
On establishment and others	55.46	159.88	109.39	324.73
Execution of schemes	239.19	171.00	138.82	549.01

It may be seen from the above table that nearly 37 *per cent* of the total expenditure was incurred on establishment. Considering that the ZPs were implementing the various schemes through various other agencies, the expenditure on establishment was unjustifiably heavy. Out of the above expenditure, test-check revealed misutilisation of funds of Rs 24.88 crore including unauthorised expenditure of Rs 8.69 crore, unauthorised diversion of Rs 10.40 crore.

District-wise position of receipts and expenditure is shown in Appendix 6.

2.8.6 Delay in preparation of budget

Non-observance of time schedule and delayed submission of Budget proposal by ZPs

According to West Bengal Zilla Parishad Rules 1964, the budget of the ZP is required to be submitted to Government by 15 October of the preceding financial year to which the budget relates and the Government was to approve it by 31 March of the same year. Preparation of budgets was not done in time by the ZPs and were delayed by 4 to 8 months. Consequently, submission of budget was also delayed by 5 to 9 months by 5 ZPs*:

In 15 cases, ZPs received no approval of the budgets from the Government.

The budgets were unrealistic as would be evident from the table below :

Serial Number	Name of Zilla Parishad	Year	Receipt			Expenditure		
			No. of heads involved	Budget provision	Actual	No. of heads involved	Budget provision	Actual
				(Rupees in lakh)			(Rupees in lakh)	
1.	Murshidabad	1991-92 and 1992-93	-	-	-	10	20.34	40.40
2.	Birbhum	1992-93	-	-	-	7	7.38	9.47
3.	Uttar Dinajpur	1992-93 and 1993-94	-	-	-	-	-	-
4.	Siliguri Mahakuma Parishad	1993-94 and 1994-95	25	367.86	271.66	3	0.40	4.60
5.	Malda	1994-95	24	200.44	78.66	5	351.14	513.75
			20	1241.38	1483.97 (+)533.74 (-)394.65	-	-	-

* Rupees 72.54 crore in respect of Bankura district covering all the three years could not be segregated and included in the total figure only since year-wise break-up was not supplied.

* Dakshin Dinajpur (9 months), Howrah (not available), Murshidabad (6 months), Purulia (5 months), Siliguri (5 months)

2.8.7 Release of fund

As per GOI guidelines, the first instalment of JRY fund for any year was to be released by June of the year while the second instalment would be released, on the basis of utilisation certificates submitted to Government, by October of that year. It was noticed that the first instalment of JRY of Rs 35.08 crore for 1994-95 was released as late as December 1994 to all the 12 Zilla Parishads test-checked. Moreover, no prior communication was made to Zilla Parishads for making provisions of funds in the budget for utilisation in previously approved schemes.

2.8.8 Finance Commission of the State

Recommendations of Finance Commission though submitted were not considered by Government as yet

Following 73rd amendment to the Constitution, a Finance Commission was appointed in 1994 to review the financial position of Panchayat bodies and make recommendations as to the principles which should govern distribution between the State and ZP of net proceeds of taxes, duties, etc., determination of taxes, duties, tolls and fees which may be assigned to or appropriated by ZP, and grants-in-aid to ZPs from Consolidated Fund of the State. The Commission submitted its recommendations in 1995. The recommendations were yet to be considered by the Government.

2.8.9 Arrears in accounts

Non-finalisation of annual accounts by the ZPs

Annual accounts showing the consolidated receipts and expenditure for the year were to be prepared by ZPs not later than the 2nd month of the next year. Five out of the 12 ZPs did not prepare their accounts from 1994-95 as shown below :

Name of Zilla Parishad	Year of accounts in arrears
Dakshin Dinajpur	1994-95 to 1997-98
Howrah	1994-95 to 1997-98
Jalpaiguri	1994-95 to 1997-98
Malda	1994-95 to 1997-98
Siliguri	1994-95 to 1997-98

The Finance and Establishment Committee of the ZP was to ensure that accounts were prepared in time and that all subsidiary accounts records register etc. were duly posted and cash balance reconciled. This was never done in the ZPs reviewed in audit.

As a result Rs 931.38 crore of grants sanctioned to the ZPs and expenditure of Rs 873.75 crore incurred by them during 1994-97 were not accounted for. Government took no action under the provisions of the West Bengal Panchayat Act 1973 to issue direction or take penal action for default in performance of duties against the Sabhadhipatis of these ZPs.

2.8.10 Defects in maintenance of Cash Books

Scrutiny revealed serious irregularities in maintenance of Cash Books as discussed below:

- (a) Entries in the annual accounts were not totalled and balanced in any district to tally with the balance appearing in the Cash Book (Malda, Dakshin Dinajpur, Howrah ZPs and Siliguri Mahakuma Parishad).
- (b) No entry (receipt and expenditure) in the Cash Book was authenticated by the Secretary of ZP (Howrah, Dakshin Dinajpur and Coochbehar) at all during the years (1994-95 to 1996-97) under review.
- (c) In Howrah ZP no chronological order was maintained in recording transactions in Cash Book which indicated that the cheques issued were not being entered in the Cash Book immediately after issue.
- (d) The closing balances of the Cash Books in none of the ZPs was certified by the Secretary of ZP at the end of each month as required under rules and were thus not authenticated.
- (e) ZPs did not reconcile the Cash Book at the end of every month and thus discrepancy, if any, were not taken up with the treasury for rectification/reconciliation.

**Irregular
maintenance of Cash
Book**

In Birbhum, Rs 9.32 lakh was held by ZP as excess debit in I.F Account in Treasury since 1981-87. The Treasury did not clarify the matter as of June 1998.

- (f) ZPs did not take action in writing back the amount of lapsed cheques for a total amount of Rs 2.59 crore as detailed below :

Name of Zilla Parishad	Number of lapsed cheques	Period of issue	Amount (Rupees in lakh)
Birbhum	94	October 1981, February 1993, February 1995 to June 1995	98.34
Coochbehar	70	December 1993 to March 1996	104.24
Dakshin Dinajpur	02	July 1996 to March 1997	40.51
Hooghly	03	April 1995 to March 1996	1.57
Howrah	11	September 1996 to March 1997	1.35
Jalpaiguri	93	January 1971 to February 1997	2.10
Murshidabad	10	April 1991 to November 1996	1.75
Malda	04	September 1995 to March 1997	1.07
Siliguri	15	June 1989 to March 1997	3.00
Uttar Dinajpur	11	May 1993 to February 1997	5.54
Total	313		259.47

- (g) The balance at each day's transactions appearing in the undisbursed cash register was not physically verified by a responsible officer in any of the ZPs during 1994-97.

2.8.11 Control Register not maintained

The following important control records/registers were not maintained by ZPs :

	Purpose	Nature of maintenance	Comments
Appropriation Register	To show scheme-wise receipts and expenditure of Government grants	Not maintained during 1994-98	Physical and financial progress of the schemes could not be monitored
Works Register	To indicate expenditure against each scheme/work with reference to measurement books, material consumption etc.	- do -	Overall position of works regarding execution including consumption of materials issued to work could not be verified
Unpaid Bill Register	To record bills received, passed for payment and bills remaining unpaid	- do -	Unpaid liability on a particular date/at the end of a year could not be ascertained
Asset Register	To show details of assets created and expenditure incurred for its maintenance	- do -	Assets created and total assets of the institution at the end of the year could not be identified

Scheme-wise Appropriation Register not maintained

Absence of various control registers and account records - audit scrutiny constrained as a result

(a) Appropriation registers showing scheme-wise/purpose-wise receipts and expenditure of Government grants were not maintained by any of the ZPs (12) as of May 1998. They could not, therefore, indicate the financial or physical progress of the schemes/programmes/works for which funds were released to them. Thus there was no effective monitoring of the financial and physical progress of the schemes/programmes/works for which funds were released to them. Possible diversion of funds to other programmes/schemes or for such purposes which had no sanction could not, therefore, be ruled out.

Government stated (January 1998) that the progress of expenditure was automatically monitored through utilisation certificates. This was not tenable as utilisation certificates were not received for most of the amounts released by Government in many cases as illustrated in the table below :

Name of Zilla Parishad	Amount allocated (Rupees in crore)	Purpose	Year	Amount of UCs* received (Rupees in crore)	Outstanding UCs
Dakshin Dinajpur	4.42	Sub-allotment to Panchayat Samitis for execution of JRY/EAS etc.	1993-94	0.40	4.02
Siliguri	6.66	Sub-allotment to Panchayat Samitis/Gram Panchayats for execution of JRY/EAS etc.	1993-94	0.20	6.46
Murshidabad	18.00	Sub-allotment to 26 Panchayat Samitis	1991-93	4.76	13.24
Howrah	3.03	Sub-allotment to 14 Panchayat Samitis	1991-92	Nil	3.03

* UCs – Utilisation Certificates

Work Register

(b) Works register which is an important control register indicating expenditure incurred under each item of estimates with reference to measurement books, material consumption, stock of materials issued to work, etc., was not maintained. As a result, monitoring the overall position of works under execution was not possible. Further, absence of this register also prevented audit verification.

Unpaid Bill Register

(c) Unpaid bill register where bills received, bills passed for payment and bills remaining unpaid are to be recorded, was not maintained. Unpaid liability, therefore, could not be verified.

Asset Register

(d) Assets register where the nature and value of assets created through various development schemes and the expenditure incurred for its maintenance are to be noted, was not maintained by the ZPs. As a result, assets created by spending Rs 549.01 crore on execution of different schemes could not be ascertained.

Stores and Stock Register

(e) The stores and stock register was not verified and balance of stock was not certified at any point of time during 1994-97 in any of the ZPs.

2.8.12 Shortfall in fund balance as per Cash Book

ZPs did not prepare appropriation accounts for receipts and expenditure of grants. To ascertain the position of the utilisation of grants, statements of grants were prepared in audit with reference to allotment orders of grants, entries in Cash Book and relevant vouchers. The aggregate of unspent balances of grants so arrived at the end of the year indicated shortage of the balance of ZP funds in the Cash Book as shown in the table below :

Name of Zilla Parishad	Unspent Government grants as on 31.03.1997	Fund balance as per Cash book as on 31.03.1997	Shortfall
(Rupees in lakh)			
Birbhum	973.57	767.54	206.03
Dakshin Dinajpur	889.18	721.09	168.09
Hooghly	1184.18	802.29	381.89
Howrah	430.94	402.44	28.50
Jalpaiguri	3043.79	2797.25	246.54
Murshidabad	2980.50	1839.26	1141.24
Total	9502.16	7329.87	2172.29

ZPs did not reconcile the discrepancy pointed out in audit nor furnished any reasons therefor.

Actual fund balance as per Cash Book fell short of the unspent balance of grant

Government grants received by ZP with other receipts constituted fund of the ZP. Unspent balance of these funds as per the statement of receipt and expenditure of grants fell short of the unspent balance of grants as on 31

March 1997. This indicated diversion of Government grants for other purposes.

Funds received by ZPs for various purposes including specific grants were kept in treasury under the head '8448-LF Deposit'. Treasury officers were required to honour cheques issued by ZP subject to availability of fund, irrespective of the purposes of drawal and had no scope to check diversion of grant for other purposes.

Treasury Officers (Howrah and Nadia), however, stated (June 1998) that ZPs did not furnish particulars of fund received and as such they were not in a position to keep fund-wise/purpose-wise account of ZP fund at treasury.

2.8.13 Execution of Centrally Sponsored Schemes

Centrally Sponsored Schemes in operation during 1994-97 in the Zilla Parishads were JRY, EAS and NWDPRA.

The position in respect of programme implementation as per the annual action plans of 12 ZPs are as below :

Year	Number of schemes proposed to be taken up	Schemes actually taken up	Number of schemes completed	Number of schemes in progress	Number of schemes not taken up	Expenditure (Rupees in lakh)	Mandays generation (in lakh)	
							Proposed	Actual
JRY								
1994-95	37157	33738	28400	2438	2900	2688.05	380.60	306.81
1995-96	24672	35328	29372	2811	3145	1175.79	239.14	231.96
1996-97	36899	36528	19429	11266	5833	1832.42	173.23	115.00
EAS								
1994-95	4147	5212	4094	1677	-	161.39	68.87	96.86
1995-96	5067	2930	3717	657	723	691.91	67.63	63.76
1996-97	5842	3257	5229	377	1129	1488.69	129.45	68.75

It would be seen from the table above that in each scheme (JRY, EAS), there was shortfall in generation of mandays in most of the years. Test-check in audit of the Centrally sponsored schemes revealed the following :

(a) Unauthorised retention of Jawahar Rozgar Yojana Funds in LF Deposit Account

As per the manual of JRY, funds released to the ZPs were required to be kept in a bank or Post Office in a separate savings bank account and the interest accrued were to be treated as part of additional resources of the scheme.

Loss of interest of Rs 1.85 crore for non-observance of Government guidelines for lodging of JRY fund Savings Bank Account

Scrutiny of the records of Howrah, Purulia, Hooghly and Bankura ZPs revealed that the ZPs did not open separate savings bank accounts for the JRY fund, as required. Instead, the entire fund of Rs 35.32 crore received under JRY was unauthorisedly kept in non-interest bearing Local Fund Accounts of the ZPs with the concerned district treasuries and suffered loss of interest of Rs 1.85 crore as indicated below :

EAS - Employment Assurance Scheme,
NWDPRA - National Watershed Development Programme for Rainfed Areas,
LF - Local Fund

Serial number	Name of Zilla Parishad	Y e a r					Total	
			1994-95	1995-96	1996-97	1997-98	(A)	(B)
		(R u p e e s i n l a k h)						
1.	Bankura	(A)*	772.25	838.23	-	-	1610.48	
		(B)**	38.60	37.71	-	-		76.31
2.	Hooghly	(A)	57.28	30.76	-	-	88.04	
		(B)	12.05	3.81	-	-		15.86
3.	Howrah	(A)	-	80.36	187.21	62.05	329.62	
		(B)	-	2.19	9.90	5.41		17.50
4.	Purulia	(A)	974.11	529.57	-	-	1503.68	
		(B)	48.69	26.47	-	-		75.16
							3531.82	184.83

Government order for following GOI guidelines for lodging the fund were not observed by ZPs

Government order of January 1998 to deposit all the Centrally sponsored schemes fund into Nationalised/Gramin Banks, were not implemented by the ZPs.

(b) Diversion and misuse of funds of JRY/MWS

(i) As per Central Government's directives no funds relating to JRY/EAS were permitted to be spent for works other than those specified/ prescribed in respective guidelines. In disregard of these directives, funds aggregating Rs 7.20 crore were diverted by 9 ZPs during 1994-97 for purposes not covered under JRY as detailed below :

Serial number	Name of Zilla Parishad	Name of scheme	Amount diverted (Rupees in lakh)	Purposes
1.	Jalpaiguri	JRY	4.89	Purchase of diesel jeep, construction of Sukanta Smriti Bhavan.
2.	Coochbehar	JRY	179.30	Purchase of 5 road roller, 6 computers, construction of girls hostel, Police barrack, guest house, etc.
3.	Dakshin Dinajpur	JRY	14.74	Purchase of tractor, Xerox machine, etc.
		EAS	134.55	Purchase of cement, contribution to eradication of illiteracy programme, etc.
4.	Birbhum	JRY / IJRY	229.35	Construction of police building, purchase of steel, printing machine, road rollers, etc.
5.	Malda	JRY	68.81	Purchase of fuel, hiring of car, purchase of printer, etc.
		EAS	11.33	Construction of Administrative building
6.	Siliguri	EAS	11.47	Construction of Administrative building, open air stage, protection wall, donation to Science Museum.
7.	Murshidabad	JRY	0.98	Extension of workshop.
		NWDPRA	1.08	Purchase of xerox machine.
8.	Uttar Dinajpur	EAS	51.00	Purchase of road roller, computer, generator sets, electrical goods, construction of bus stand.
		JRY	7.88	Purchase of materials.
9.	Purulia	NWDPRA	4.97	Purchase of type writers, Xerox machine.
Total			720.35	

* JRY fund balance retained in the L.F Account at the end of each year.
 ** Interest for each year accruable calculated on monthly balances of JRY fund held in L.F Account.
Rate of interest on savings bank account

Period	Rate (in percentage)
01.04.94 to 14.02.95	5
15.02.95 to 31.03.98	4.5

 MWS - Million Wells Scheme

JRY/EAS/MWS funds were used/ utilised for purposes other than those admissible as per respective guidelines

(ii) Million Wells Scheme, a component of JRY was launched in 1988-89 by Government with the objective of providing irrigation wells free of cost to poor, small and marginal farmers. In violation of the guidelines of GOI, MWS funds of Rs 3.20 crore were spent during 1994-97 by following ZPs for other purposes as detailed below :

Serial number	Name of Zilla Parishad	Amount (Rupees in lakh)	Purposes
1.	Jalpaiguri	29.86	Construction/installation of 121 shallow tube wells.
2.	Murshidabad	19.78	Paid to a transport agency for lifting and carrying of earth on excavation of a tank and as advance to co-operative Society.
3.	Coochbehar	13.11	Paid to Tufanganj and Coochbehar-II PS
4.	Siliguri	66.74	Utilised to overcome drought situation - purchase of pump sets etc.
5.	Dakshin Dinajpur	19.13	Purchase of pump sets, donation to recreation club.
6.	Birbhum	81.13	Construction of bridges.
7.	Malda	89.89	Protection of road, construction of culverts, bridges, etc.
Total		319.64	

(c) Unauthorised spending of JRY funds for rural electrifications

JRY funds were to be utilised mainly for works which were primarily employment generation schemes for the rural work in which the wage/material ratio for such works to be 60:40. In disregard of these provisions, Government decided in December 1993 to fund certain rural electrification/intensification/revitalisation schemes out of JRY funds available with ZPs. Accordingly, Rs 8.69 crore out of JRY and EAS funds were irregularly paid to West Bengal State Electricity Board by 10 ZPs as stated below :

Serial number	Name of Zilla Parishad	Scheme to which fund relate	Amount (Rupees in lakh)
1.	Jalpaiguri	EAS	53.00
		JRY	3.72
2.	Murshidabad	EAS	55.47
3.	Coochbehar	EAS / JRY	156.82
4.	Dakshin Dinajpur	EAS	48.03
5.	Birbhum	EAS	21.07
		JRY	301.72
6.	Malda	JRY	30.20
7.	Uttar Dinajpur	MWS	49.48
8.	Hooghly	JRY	33.08
9.	Bankura	JRY	5.30
10.	Purulia	EAS	111.20
Total			869.09

The West Bengal State Electricity Board engaged contractors as pay masters although as per the guidelines no contractor could be engaged for execution of JRY/EAS schemes. This expenditure thus failed to generate any employment for rural poor.

(d) Unauthorised extension of JRY/EAS/MWS funds to Government departments

State Government issued directives in December 1993, permitting ZPs to provide JRY/EAS fund to other departments (like Public works, Irrigation and Water works, etc.) for supplementing their budgetary funds. Such funding of other Government departments was in violation of guidelines for JRY issued by Government of India. In 5 ZPs, funds so provided aggregated to Rs 3.87 crore during 1994-97.

(e) Unauthorised construction of Administrative Building of Panchayat Samitis out of JRY funds

In terms of JRY guidelines, construction of Panchayat Ghar of Gram Panchayats only were permissible out of JRY funds.

Government of West Bengal decided in October 1994 to integrate the construction of administrative buildings with JRY, IJRY and EAS. It was noticed that in Midnapore ZP, North and South 24 Parganas ZPs, Hooghly ZP and Siliguri Mahakuma Parishad, Rs 1.92 crore were spent on construction of administrative buildings in 42 PSs in disregard of the guidelines.

Government discontinued such funding in November 1997.

2.8.14 Non-submission of utilisation certificates

Utilisation certificates for Rs 316.96 crore were not submitted

Utilisation certificates in respect of grant are required to be submitted to Government by the grantees in the prescribed *proforma*. As per guidelines for JRY, the Zilla Parishads are required to submit to Government utilisation certificates based on the reports received from panchayats (PSs and GPs) in the prescribed *proforma*. This format does not include details of physical progress vis-a-vis target achieved. Twelve ZPs did not furnish utilisation certificates for Rs 316.96 crore out of total grants sanctioned for Rs 927.15 crore relating to the period 1994-97 as detailed below:

Serial number	Name of Zilla Parishad	Amount of utilisation certificates not furnished		
		(Rupees in lakh)		
		1994-95	1995-96	1996-97
1.	Malda	1035.02	846.08	923.88
2.	Coochbehar	NA	NA	NA
3.	Jalpaiguri	3547.01	3013.71	260.41
4.	Purulia	1390.59	451.76	814.22
5.	Dakshin Dinajpur	945.00	742.79	1189.27
6.	Murshidabad	1353.92	1366.02	1089.91
7.	Birbhum	655.96	581.46	309.59
8.	Hooghly	1180.51	1664.57	1239.90
9.	Uttar Dinajpur	686.95	1478.95	640.83
10.	Siliguri	471.22	756.76	727.78
11.	Bankura	712.75	NA	NA
12.	Howrah	609.62	486.26	523.13
Total		12588.55	11388.36	7718.92

Government orders did not prescribe any fixed period for furnishing the utilisation certificates while releasing funds to the Panchayat bodies, which were asked to be furnished in "due course".

Thus, the purpose of utilisation certificates as a monitoring tool of the funding agency to assess achievement of the schemes was not served. By not enforcing submission of utilisation certificates in time, Government failed to ensure accountability of the ZP in respect of funds provided to them.

2.8.15 Other points of interest

(a) Houses for poor not built

The objective of IAY, a component of JRY, was to provide houses to members of SC/ST, free bonded labourers in rural areas and also to non-SC/ST rural poor below the poverty line, free of cost. The houses were to be designed as per the desire of the beneficiaries, with the provision of smokeless chullah and sanitary facilities. Cost ceiling for each house prescribed by Government was between Rs 14,000 and Rs 15,800 which was subsequently revised to Rs 18,000.

Test-check of records in Howrah and Hooghly ZPs brought out the shortfall in both physical and financial terms in respect of implementation of IAY during 1994-97 as below :

Zilla Parishad	Receipt (Rupees in lakh)	No. of houses targeted	No. of house constructed	Shortfall	Expenditure (Rupees in lakh)	Unspent amount (Rupees in lakh)
Howrah	395.03	2544	2123	421	306.18	88.85
Hooghly	1971.95	10775	5634	5141	876.12	1095.83
Total	2366.98	13319	7757	5562	1182.30	1184.68

There was no evidence of monitoring and supervising the scheme by ZPs. Payments by instalment were to be linked with the progress of work. This was not done nor the completion reports obtained from the beneficiaries. Since no register was maintained for beneficiaries, it was not possible to verify the identity of the beneficiaries and possibility of irregularities in disbursement of funds to the beneficiaries could not be ruled out. Available records did not also indicate if the houses built were provided with smokeless chullahs and sanitary facilities. Reasons for shortfall in construction of houses too were not stated by ZPs. It could not be verified in audit if the houses were at all constructed or constructed to the satisfaction of beneficiaries.

(b) Loans not recovered from beneficiaries

During 1980-81, Howrah ZP obtained a loan of Rs 33 lakh from LIC, repayable in 15 annual instalments with 8 per cent interest, for reconstruction of houses damaged by floods in 1978. Rupees 16.44 lakh were disbursed to 507 beneficiaries as first instalment of loan while only 425 beneficiaries turned up for the second instalment and Rs 13.35 lakh were disbursed to those

beneficiaries. No beneficiary refunded the loan instalments and Rs 44.74 lakh (Rs 23 lakh on account of principal and Rs 21.74 lakh as interest) as of March 1998 became due for payment to LIC.

(c) Loss due to non-encashment of term deposit

Howrah ZP invested the following amounts (i) Rs 7.97 lakh with SBI, Howrah during December 1994 and August 1996 as term deposits which were due to mature between August 1996 and May 1998 at a value of Rs 10.01 lakh, (ii) Rs 2.43 with UCO Bank in term deposits with date of maturity falling in November 1997 and (iii) Rs 2.69 lakh with the Howrah Post Office in 1979 expected to mature in August 1984.

The term deposits were not encashed. Thus, Rs 10.01 lakh plus matured value of other investments of Rs 5.12 lakh remained blocked for 2 to 14 years.

(d) Construction of class rooms not monitored

Government in January 1995 sanctioned Rs 85 lakh to Hooghly ZP for construction of two class rooms in schools where there were only one. The ZP allotted Rs 74 lakh to 14 Panchayat Samitis for construction of 15 schools in the Panchayat Samitis instead of class rooms as sanctioned. The ZP was not aware of the physical and financial status of construction of schools. No completion certificates were obtained. The balance amount of Rs 11 lakh was held by the ZP.

(e) Low generation of mandays

As per JRY guidelines, schemes to be undertaken should be labour intensive with optimum use of material and the wage material ratio was fixed as 60:40. Test-check in Coochbehar and Hooghly ZPs revealed that in regard to expenditure of Rs 52.78 crore during 1994-97 only Rs 22.72 crore were spent as wages (43.04 per cent) which resulted in less generation of 22.37 lakh mandays.

(f) Funds for work diverted

Development and Planning Department released during 1994-97 Rs 1.50 crore to Siliguri Mahakuma Parishad for execution of works as indicated below :

Serial number	Name of the Scheme	Executing Agency	Farmarked Amount (Rupees in lakh)
1.	Improvement and widening of Roads	PWD	70.00
2.	Improvement/Strengthening of river protection work.	I & W Department	27.00
3.	Construction of River Bridge	Siliguri Mahakuma Parishad	53.00

The Mahakuma Parishad in disregard of the Government order, allocated Rs 30.45 lakh to PWD against Rs 70 lakh, Rs 15.05 lakh to Irrigation and Water Supply Department against Rs 27 lakh as prescribed and retained the balance grant. Further out of earmarked allotment of Rs 53 lakh on 'Construction of River Bridge'. Parishad spent Rs 52.63 lakh for purchase of cement for other construction works.

(g) Accounts of printing press not separately shown

Birbhum and Dakshin Dinajpur ZPs operated printing presses which, besides serving their own requirement were used for jobs from outside parties. The staff engaged were paid out of ZP fund. But the fund and accounts of press (receipt and expenditure) were kept segregated from the accounts of ZPs. As a result, the true and complete picture of the financial position of the press could not be verified by Audit.

2.8.16 Failure in response to audit

ZPs were required to take remedial action and also inform Audit of the action taken by them within 2 months from the receipt of Audit Notes. The following ZPs did not attend to 95 Audit Notes for several years as is brought out below :

Name of Zilla Parishad	Years of Audit Reports remaining unattended	Number of Audit notes
Birbhum	1984-85, 1986-87 to 1994-95	10
Coochbehar	1985-86 to 1994-95	10
Dakshin Dinajpur	1982-83 to 1994-95	13
Hooghly	1992-93, 1993-94	3
Howrah	1975-76 to 1994-95	20
Jalpaiguri	1985-86 to 1994-95	10
Murshidabad	1986-87 to 1994-95	9
Malda	1982-83 to 1994-95	13
Purulia	1988-89 to 1994-95	7
Total		95

2.8.17 Internal Audit System not implemented

Under Rule 100 of West Bengal Zilla Parishad Rule, 1964, FEC was responsible for audit of the accounts of ZPs at the close of every quarter and was to certify the correctness of accounts so audited through an audit certificate which would be laid before the ZP at a meeting in the month following the quarter to which the accounts related. However, the FEC did not so far discharge its statutory duties in any of the 12 ZPs under review. Reasons for arrears were not on record.

Government created in 1979 posts of Regional Audit and Accounts Officer in each Division for compilation of accounts and for conducting internal audit of ZPs within the Division. Even though these posts were filled up no internal audit was conducted at the ZP level at any time.

Government in 1984 made a provision in the West Bengal Panchayat Act 1973 by an amendment for appointing an officer of the State Government for preparing the accounts of ZPs, PSs or GPs and examining, auditing them periodically in any manner as directed by the State Government. Accordingly, PAO was appointed in each ZP, but their services were being utilised in examining the implementation of development schemes for preparation of expenditure statement/utilisation certificates.

These points have been referred to Government in July 1998 ; reply had not been received (November 1998).

2.9 Non-recovery of instalments of loan

For providing shelter to economically weaker sections of population and also to those affected by the cyclone of November 1988, South 24-Parganas Zilla Parishad took loan of Rs 5.50 crore from the WBHB* between September 1989 and June 1991. The loan was repayable with 5 per cent interest in quarterly instalments in 22 years commencing from April 1990.

Though ZP received an initial instalment of loan of Rs 3 crore in September 1989, it took six months (October 1989 to March 1990) to finalise the modalities for disbursement of loan.

During March 1990 to June 1991, ZP released the loan amount of Rs 5.50 crore to 11 PSs for disbursement to 9172 beneficiaries. ZP was not aware of the physical and financial progress of the scheme as executed at PS level as no returns were prescribed for submission by PS. ZP stated (March 1997) that required information would be obtained from PSs but the same was not available with ZP as of May 1998.

Test-check conducted in March 1998 in PSs revealed as follows :

PSs* disbursed Rs 5.16 crore between July 1990 and November 1995 to 8598 beneficiaries. Rupees 34 lakh was refunded to ZP in May-June 1997. ZP in turn refunded (June 1997) Rs 30.03 lakh to WBHB.

No agreement-cum-mortgage deed, as was required to be executed in favour of ZP by the beneficiaries, was got executed while disbursing the loan. Reason for non-execution of agreement was not on record.

PAO - Parishad Audit and Accounts Officer

* WBHB - West Bengal Housing Board

PS (Receipt/disbursement) (Rupees in lakh) :

Basanti (72/71.70), Gosaba (86.40/86.31), Namkhana (28.80/28.80), Sagar (24/24), Patharpratima (76.80/76.80), Joynagar-II (48/48), Kultali (57.60/56.46), Joynagar-I (48/48), Mathurapur-II (33.60/31.23), Kakdwip (28.80/28.80), Canning-II (46.32/16.32).

Non-adherence to terms and condition of payment of loan and non-recovery of loan instalments with interest resulted in liability of Rs 8.54 crore to the ZP

Barring Namkhana and Mathurapur-II, other PSs, had disbursed the full amount of loan at a time instead of in 2 equal instalments on the basis of progress of work. No Technical Officer was deputed to ascertain the progress of work done nor any record was maintained to indicate the same.

Due to the ban imposed by Government in respect of drawal of fund from Treasury, 5 PSs* could not withdraw till October 1990, Rs 2.42 crore allotted to them between March 1990 and June 1990.

No completion/utilisation certificate was furnished by the beneficiaries nor did the PSs call for those from the beneficiaries.

Beneficiaries did not refund any instalment of loan. Neither any attempt to realise loan instalments from beneficiaries was made nor was any budget provision for refund of loan out of ZP's own resources made.

Thus, the ZP acquired a total liability of Rs 8.54** crore including interest as of March 1998.

The matter was referred to Government in July 1998 ; reply had not been received (November 1998).

2.10 Avoidable expenditure in distribution of foodgrains under Jawahar Rozgar Yojana

During 1992-93, GOI allotted 48,200 tonnes of wheat and 35,200 tonnes of rice to all the ZPs in West Bengal for JRY labourers. The allotment was valid up to 31 March 1993. To review the processes of lifting, distribution, etc., of foodgrains so allotted, a test-check was conducted in 11 ZPs* during January to March 1998. The following audit points emerged :

Foodgrains though allotted not lifted by nine ZPs

- (i) Nine ZPs did not lift any foodgrains.
- (ii) The position in the two ZPs (Nadia and Purulia) which lifted foodgrains, was as below :

Delay in lifting foodgrains resulted in extra payment of Rs 18.42 lakh

- (a) Prices of foodgrains were enhanced by GOI with effect from 19 January 1993 and one ZP had to incur extra expenditure of Rs 18.42 lakh on procurement of foodgrains due to delay in lifting.

* PS (Amount under embargo) (Rupees in lakh) :

Basanti (72), Patharpratima (76.80), Canning-II (46.32), Kultali (38.40), Mathurapur-II (8.45).

** Loan of Rs 5.50 crore less refund of Rs 0.30 crore plus interest of Rs 3.34 crore.

* Zilla Parishad (wheat/rice in tonnes) : Jalpaiguri (2541/3480), Siliguri (239/328), West Dinajpur (2277/3118), Malda (1415/1937), Murshidabad (1735/2376), North 24-Parganas (2418/3311), South 24-Parganas (3798/5201), Howrah (993/1359), Hooghly (2038/2791), Nadia (1862/2550), Purulia (1707/2338)

Two ZPs made unauthorised expenditure of Rs 22.84 lakh on procurement of rice

One ZP lifted 1862 tonnes of superfine rice at the rate of Rs 5180 per tonne while another lifted (between August 1992 and March 1993) 1293 tonnes of fine rice at the rate of Rs 4970 per tonne instead of prescribed common rice priced at Rs 4370 per tonne. There was no evidence whether higher quality rice was actually distributed to the workers. The ZPs had thus incurred unauthorised excess expenditure of Rs 22.84 lakh*.

Foodgrains valued Rs 17.87 lakh remained unutilised for more than 5 years

- (b) Scrutiny of records of Purulia ZP revealed (April 1998) that 95.62 tonnes of wheat and 260 tonnes of rice valued at Rs 17.87 lakh placed at the disposal of thirteen Panchayat Samitis (PS) of the district for distribution during 1992-93, remained unutilised as of May 1998. ZP was not in a position to state the reasons for non-utilisation, nor was aware of the quality of foodgrains available (May 1998).

Thus 9 ZPs, failed to disburse foodgrains as part of wages to labourers under JRY while two ZPs made unauthorised expenditure of Rs 22.84 lakh for lifting and distribution of superfine/fine rice in place of prescribed common rice. One ZP incurred extra expenditure of Rs 18.42 lakh owing to delay in lifting and subsequent increase in price while in another ZP foodgrains valued Rs 17.87 lakh remained unutilised for over 5 years.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

Cost of superfine rice	Rs 5180 per tonne
Cost of common rice	Rs 4370 per tonne
Excess per tonne	Rs 810
Lifting of 1862 tonnes	
Excess 1862 tonnes	Rs 15.08 lakh
X Rs 810	

Cost of fine rice	Rs 4970 per tonne
Cost of common rice	Rs 4370 per tonne
Excess per tonne	Rs 600
Lifting of 1293 tonnes	
Excess 1293 tonnes	Rs 7.76 lakh
X Rs 600	

Total : Rs 22.84 lakh

2.11 Diversion of Jawahar Rozgar Yojana funds and doubtful expenditure on procurement of boulders

Murshidabad Zilla Parishad irregularly diverted JRY fund of Rs 1.70 crore, incurred excess expenditure of Rs 59.64 lakh together with a payment of Rs 40.91 lakh for doubtful supply and caused loss of Rs 16.56 lakh on royalty and cess accounts

Following a decision taken at a meeting of Co-ordination Committee*, formed in connection with smooth execution of Ganga Anti Erosion Scheme, Murshidabad Zilla Parishad was entrusted the responsibility of supplying 1.48 lakh cubic meter (m³) of boulders at the work sites at Jalangi and Bamanabad to Irrigation and Waterways Division for pitching the boulders.

ZP negotiated supply of 75,000 m³ of boulders (35 to 45 kg each) with West Bengal Mineral Development and Trading Corporation Limited which supplied 26,067.46 m³ at a total cost of Rs 78.85 lakh. The balance quantity of boulders was not purchased by ZP from West Bengal Mineral Development and Trading Corporation Limited on the ground of lack of speedy supply to cope with the emergent situation. The delay in supply was attributed by the Corporation to slow progress of lifting of boulders by ZP and non-payment of advance for the entire quantity of supply as was agreed upon and purchased 1.31 lakh m³ of boulders (for Jalangi : 72,741 m³ and 58,914 m³ for Bamanabad) from private suppliers. ZP incurred an expenditure of Rs 6.80 crore on account of cost of boulders (Rs 5.37 crore) and other related works (unloading, preparation of approach road, etc.: Rs 1.43 crore) against an allotment of Rs 5.10 crore.

Scrutiny in Audit (March 1998) revealed the following :

- (i) Expenditure of Rs 1.70 crore in excess of allotment of Rs 5.10 crore was met by diversion of funds meant for Jawahar Rozgar Yojana.
- (ii) 1.31 lakh cubic metre of boulders was purchased from private suppliers without inviting any tenders at rates higher than those quoted by the Corporation and agreed by the ZP viz. Rs 45.53** per cubic metre. An excess expenditure of Rs 59.64* lakh was incurred due to procurement of boulders at higher rates and purchase in excess quantity (0.09 lakh cubic metre).
- (iii) As per records of ZP, 72,741.66 m³ of boulders were supplied by a private supplier at Jalangi site whereas records at Jalangi Panchayat Samiti Office indicated supply of 60,987.20 m³. The genuineness of

* Minister of State, Irrigation and Waterways Department, West Bengal, Sabhadhipati, Murshidabad ZP, District Magistrate, Murshidabad, Addl. Suptd. of Police, Murshidabad, MLA, Jalangi, Head Estimator, Central Irrigation Circle, Chief Engineer-II, Irrigation and Waterways Deptt., Superintending Engineer, Central Irrigation Circle, Executive Engineer, Ganga Anti Erosion Divn., Sub-Divisional Officer, Sadar, Executive Engineer and Technical Advisor to Suptg. Engineer, Central Irrigation Circle, Divisional Engineer (incharge), Murshidabad Zilla Parishad.

** Rate : West Bengal Mineral Development and Trading Corporation Limited

(1)	Cost of boulders	26067.46 X Rs 100	=	Rs 2606746
(2)	Loading charges	2618 nos. of trucks X Rs 175	=	Rs 458150
(3)	Carrying cost	2618 nos. of trucks X Rs 1841	=	Rs 4819738
				Rs 7884634

Rs 7884634 / 26067.46 M³ = Rs 302.47 per cubic meter (A)

Private Suppliers

Rs 348 including cost of boulders, loading and carrying charges (B)

Therefore, difference of rate : (B) - (A) = Rs 45.53

* Boulders supplied : 1.31 lakh m³

Excess : 1.31 lakh m³ X Rs 45.53 = Rs 59.64 lakh

supply of 11,754.46 m³ of boulders costing Rs 40.91 lakh was, therefore, doubtful.

- (iv) Utilisation certificate for supply of 58,914.1 m³ of boulders at Bamanabad (under Rajnagar Panchayat Samiti) sites were not received by ZP (April 1998).
- (v) Despite request of District Land and Land Reforms Officer, neither royalty nor cess (chargeable at Rs 7 and Rs 3.50 respectively per cubic metre) was charged against the suppliers. Loss sustained by Government due to non-recovery of royalty and cess on account of supply of 1.57 lakh m³ of boulders worked out to Rs 16.56 lakh.
- (vi) The grounds of purchase of boulders by ZP was not tenable as the Corporation stated that the delay in supply was due to non-lifting of boulder by ZP and non-payment of advance as agreed upon.

Thus ZP had irregularly diverted JRY fund of Rs 1.70 crore, incurred excess expenditure of Rs 59.64 lakh on procurement of boulders at higher rate from a private supplier, paid Rs 40.91 lakh for doubtful supply and caused loss of Rs 16.56 lakh to the Government by non-recovery of royalty and cess payable by supplier.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

2.12 Undue favour to a Private Limited Company by Murshidabad Zilla Parishad

Land acquired by Murshidabad ZP on payment of salami and rent not utilised - part of it leased out to a private company without receiving salami

For establishment of an industrial estate, Murshidabad Zilla Parishad obtained (March 1994) from Government 9.15 acres of land on 30 years' lease against payment of Rs 7.49 lakh (salami* Rs 5.46 lakh, interest for 1994-97 Rs 0.39 lakh on salami, arrear rent Rs 1.64 lakh). The land was not utilised up to May 1996 when a PLC* approached the ZP for allotment of 6.02 acres of land for setting up of an integrated food processing complex. ZP allotted the land to PLC on 30 years' lease at an annual rent of Rs 0.36 lakh. No salami was charged.

Participation of the ZP in the share capital of the private company was irregular. No action was taken by ZP to develop the rest of the land

Further, ZP invested (August 1997) Rs 32 lakh from its own fund in equity shares of PLC on the grounds of encouraging industrialisation.

During audit the following points emerged :

- i) No survey was conducted by ZP on the viability of developing the land

* Salami is a sum paid/to be paid in lump over and above the regular price and is not refundable.

* PLC - Private Limited Company

Pliva Organics Private Limited, a private limited company incorporated under the Companies Act 1956.

into an industrial complex. About two thirds of the land was allotted to one party.

- ii) No plan for infrastructural facilities to attract entrepreneurs was made by ZP despite a decision taken in October 1993 to do so.
- iii) While the land remained undeveloped and vacant ZP paid rent of Rs 2.03 lakh during 1994-96.
- iv) Salami for Rs 3.59 lakh was leviable to the PLC as ZP had to pay salami to Government while taking over the land. ZP stated (September 1997) that Government would be moved for waiver of salami paid and if that was not accomplished, salami would be charged from PLC.
- v) Out of the total land, 3.13 acres remained unused/undeveloped since March 1994.
- vi) West Bengal Panchayat Act, 1973 had no provision allowing ZP to utilise its fund in equity participation of a PLC. Government had also cautioned (March 1997) on the legality of investing ZP fund in the shares of PLC and warned ZP from participating in a commercial enterprise.

ZP thus, irregularly invested Rs 32 lakh in share capital of a PLC, besides showing undue favour of non-recovery of salami of Rs 3.59 lakh. Plans of developing/utilising the remaining area of 3.13 acres of land were also not on record.

The matter was referred to Government in May 1998 ; reply had not been received (November 1998).

2.13 Unauthorised expenditure from JRY funds

As per a scheme of Fisheries Department for increasing productivity of Beels^{*} for fish production through ZP from JRY funds. SMP^{**} undertook to execute re-excavation of 1.5 hectare of marshy area within the precinct of NBU^{***} for a construction of a full fledged fish/fish-seed farm and a farm building with laboratory facilities.

The estimated project cost of the Fisheries Department (Rs 11 lakh) was revised by Rural Development Department in 1996 to a Fishery-cum-Irrigation Project at a revised estimated cost of Rs 16.50 lakh. As of March 1998, Rs 20.78 lakh had been spent on construction of a research centre,

^{*} Marshy land.

^{**} SMP - Siliguri Mahakuma Parishad

^{***} NBU - North Bengal University

embankment protection work, etc., which were not provided for in the revised estimate. The project was not handed over to the NBU as of March 1998. The following points emerged during audit :

- (i) The project was not covered by the objective and scope of MWS. Expenditure of Rs 20.78 lakh incurred out of funds meant for MWS was, therefore, unauthorised.
- (ii) No beneficiary list had been prepared for this project and location of the site in the campus of NBU was restrictive of the access of poor farmers and was thus in violation of guidelines.
- (iii) Assets created from funds received under JRY were to vest with the ZP/SMP. Transfer of the Fishery-cum-Irrigation project created out of JRY (MWS) to NBU would, therefore, be against the JRY guidelines.

The project did not start functioning after passage of three years and expenditure of Rs 20.78 lakh and the objectives of increasing fish production and providing irrigation facilities to small and marginal farmers was not fulfilled. SMP admitted that the geophysical status of the region was not conducive to Fishery-cum-Irrigation Project leading to excessive seepage of water. Consequently, it was doubtful whether the reservoir would be suitable for rearing of fish and cover actual irrigation.

The matter was referred to Government in May 1998 ; reply had not been received (November 1998).

2.14 Failure of the scheme for providing arsenic free drinking water

Scheme for supply of arsenic free water, taken up without adequate survey resulted in incurring fruitless expenditure etc. defeating the very purpose

Government of West Bengal in Home (Political) Department sanctioned Rs 30 lakh (August 1996) for implementation of two water supply schemes in Jalangi Block under Border Area Development Programme to locate and provide arsenic free ground water.

The approximate cost for scheme worked out to Rs 1.12 crore and could cover only two mouzas* out of the five. As the amount sanctioned was meagre for execution of the scheme, the District Magistrate, Murshidabad sub-allotted the amount to ZP in February 1997 for its execution without stipulating any date for completion of the scheme. ZP, Murshidabad decided March 1997 for construction of ring wells and sinking of tube wells on 50:50 basis without the approval of the Government.

ZP sub-allotted (March 1997) Rs 15 lakh for ring wells and issued materials worth Rs 13.61 lakh for sinking of tube wells to Jalangi Panchayat Samiti.

* Mouza - A term used to denote location of plot of land.

Balance amount of Rs 1.39 lakh was retained by ZP (April 1998).

Scrutiny in audit (March 1998) of records of Jalangi Block revealed that no ground water survey was conducted by ZP for identification of arsenic free area for selection of spots for ring/tube wells; only 10 of the targeted 180 ring wells were completed (at Rs 0.82 lakh) and in the remaining ones, digging could not be carried out beyond the depth of 20 ft. and ground water level could not be reached because of sand blowing and earth slide. Work of digging ring wells was abandoned and Rs 14.18 lakh remained unspent with the Panchayat Samiti. Ten completed ring wells also turned derelict due to land slide.

Sinking of only 30 out of the 160 tube wells were completed as of April 1998 although the Panchayat Samiti reported completion of 131 (April 1998) to the Secretary, ZP. However, no records in support of the statement could be produced by the Panchayat Samiti and it could not indicate if water was available in the wells and was free from arsenic. The District Magistrate, Murshidabad admitted (June 1998) that tube wells were not tested for arsenic free water.

The scheme for providing arsenic free water thus did not materialise for over two years due to unjustified diversion from the original scheme and undertaking a revised scheme without adequate survey. Expenditure of Rs 0.82 lakh on ring wells proved futile, Rs 15.57 lakh (Rs 14.18 lakh with the Panchayat Samiti and Rs 1.39 lakh with ZP) remained blocked and sinking of tube wells at a cost of Rs 13.61 lakh was infructuous.

Government admitted (June 1998) the failure of the scheme.

2.15 Wasteful expenditure on construction of an embankment

Embankment constructed at a cost of Rs 16.13 lakh was washed away due to non-execution of block pitching in time

South 24 Parganas Zilla Parishad decided (July 1995) to construct 2000 ft. long embankment at Boat-Khali in Sagar Panchayat Samiti to protect the wave flash of Bay of Bengal at an estimated cost of Rs 68.12 lakh to be financed out of JRY Fund. The first phase of the work comprising earth work and internal piling and the second phase viz., block pitching were to be executed by Sagar PS and ZP respectively. Sagar PS completed the same in January 1996 at a cost of Rs 16.13 lakh. The block pitching at estimated cost of Rs 47.24 lakh, which was essential to strengthen the earth embankment was not taken up by the ZP till April 1996, even though Sabhapati, PS expressed urgency to save the earth embankment from the lashes of cyclone. As the ZP could not complete the block pitching work before the onset of monsoon during 1996-97, the newly constructed embankment was washed away by a cyclone in July 1996.

Secretary, ZP admitted (July 1997) that the expenditure of Rs 16.13 lakh was unproductive and held its Executive Engineer responsible for lapses. The

Executive Engineer was transferred in July 1997.

In September 1996, a further sum of Rs 20 lakh was allotted to PS by ZP for restoration of the embankment, but no time schedule for completion of the work was fixed. The amount was spent (July 1997) by PS for strengthening (bamboo piling, earth work, etc.) the existing embankment. Yet the embankment suffered recurring damages at different points as the construction was not of permanent nature. Further, Rs 11.75 lakh were spent between July and October 1997 by diversion from other scheme funds for repair of the breaches in the embankment. Sabhapati, PS stated (December 1997) that nature of sea in that region necessitated permanent nature of work like block pitching but because of paucity of fund such work could not be undertaken.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

2.16 Loss due to unauthorised involvement of Zilla Parishad in running a poultry farm
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Unauthorised involvement by ZP in running a poultry farm through a private party caused a loss of Rs 11.25 lakh

The Burdwan Zilla Parishad appointed Mainwal and Associates of Kapurthala, Punjab to improve the overall performance of a poultry farm managed by Swanijukti Poultry Hatchery Society, Orgram a society registered under the Societies Act. The mode of selection of party was not on record. An agreement was signed between the party (Mainwal and Associates) and ZP in December 1995. The party was paid Rs 11.25 lakh from ZP fund between December 1995 and March 1996. Following points were noticed in this regard :

The poultry farm, an independent organisation was not within the jurisdiction of ZP. The West Bengal Panchayat Act, 1973 had no provision for the ZP to be involved in the affairs of any independent society.

As no public notification or tender for the work was issued, the award of work to the party indicated undue favour to them by the ZP.

The party did not submit any Action Plan as was agreed upon and had withdrawn its staff from the farm in September 1997. Further, they left unpaid bills aggregating Rs 0.90 lakh. No statement of expenditure and of the work done was submitted by the party. The society had issued show cause notice to the party in November 1997 but no reply was received. ZP took no action in this regard.

Thus, unjustified involvement by the Zilla Parishad in the affairs of a society and spending ZP fund on a private party caused a loss of Rs 11.25 lakh apart from further liability for unpaid bills of Rs 0.90 lakh.

The matter was referred to Government in April 1998 ; reply had not been received (November 1998).

SCHOOL EDUCATION DEPARTMENT

2.17(a) Loss of interest due to diversion of teachers' Provident Fund balance for payment of salary

Interest income of Rs 1.88 crore was forgone as Teachers' Provident Fund account money was not deposited to interest bearing account by Burdwan District School Board

The West Bengal Non-Government Educational Institutions and Local Authorities (Control of Provident Fund of Employees) Act, 1983 and the Rules framed thereunder provide that with effect from 15 March 1984, Provident Fund of teachers of DSBs*, so far held in the postal savings account, shall be lodged in an interest bearing account to be opened in treasury for the purpose.

In compliance with the above provision, Burdwan DSB (now renamed as District Primary School Council since 1990) withdrew (between October 1984 and July 1990) the entire amount of Rs 4.65 crore held in post office savings bank account for transfer to the treasury. However, instead of depositing the said amount in interest bearing deposit account in the treasury, Rs 1.23* crore out of Rs 4.65 crore were deposited in the general fund of the School Board which was a non-interest bearing account. Of this amount, Rs 1 crore was subsequently transferred to PF account in March 1991. The balance amount of Rs 23.25 lakh had not been deposited in the PF account as of March 1998. As a result, the Board had suffered loss of interest of Rs 1.88 crore (December 1997) on this account.

The DPSC* stated that due to paucity of fund, the PF money was retained in general funds (non-interest bearing account) of the Board for making payment of salary of teachers.

The matter was referred to Government in April 1998 ; reply had not been received (November 1998).

* DSBs - District School Boards
Rs 23.25 lakh on 17.12.1984, Rs 69.31 lakh on 21.07.1987, Rs 30.69 lakh on 25.09.1987
DPSC - District Primary School Council

(b) Short credit of Rs 2.48 crore to the District School Board fund at treasury

Fund balance of Burdwan District Primary School Council reduced by Rs 2.48 crore inadvertently by the treasury due to short credit/wrong accounting etc.

Funds of the DSBs, are lodged in respective district treasuries to which all sums granted by Government for progressive expansion, management and control of primary education in the State are credited under the head '8448-LF Deposit Account' and operated as a purely banking account by DSB/DPSC.

Scrutiny in Audit of the accounts of Burdwan DSB revealed that Rs 2.48 crore had been short credited to the general fund of the DSB due to negligence of the treasury as discussed below:

- (i) Government, on 16 February 1982, released Rs 1.50 crore for meeting deficit incurred by the DSB on payment of teachers' salary. Treasury credited Rs 1.50 lakh against Rs 1.50 crore in March 1992 thereby short crediting of Rs 1.48 crore. The treasury office admitted the position on being brought to the notice by Audit in January 1989.
- (ii) The closing balance of the DSB was Rs 1,53,61,710.66 as on 31 March 1984 as per treasury pass book. The opening balance on 1 April 1984 was shown as Rs 53,61,710.66 by Treasury. The balance was thus reduced by Rs 1 crore. DPSC had not rectified the discrepancy (July 1998).

The matter was brought to notice of Government through successive audit notes but no action was taken to restore the fund thus short credited/shown reduced by treasury (November 1998).

2.18 Printing of text books by West Bengal Board of Secondary Education (Board)

Powers of the Board regarding printing of text books

West Bengal Secondary Education Board Act, 1963, empowers the Board to undertake the preparation, publication and sale of text books by recognised institutions. Since 1969, the Board was engaged in printing, publication and sale of text books for classes VI to X. A review of the printing, publication and sale of text books by the Board during 1994-97 revealed the following points :

A Functions regarding printing of Text Books

There was no system of assessing the requirement of number of books before the commencement of academic session. Large number of books printed despite availability of the same

There was no system of assessing the requirement of the number of text books for printing etc. before commencement of each academic year. Printers selected by the Board were allowed to continue indefinitely for printing books till they themselves discontinued/failed to comply with supply orders. There was no specific period of validity for printing orders. Orders for printing of text books were issued without taking into account the ex-stock position of 1993-94. During 1994-95, large number of text books were printed despite availability of 1.89 lakh books in the stock resulting in accumulation of surplus. With effect from March 1995, with the introduction of teaching of English from class V, syllabus of English was revised for classes VI and VII. Consequently, books for class VI already printed under old syllabus and lying in stock became redundant. Similarly, Board printed books for class VII under old syllabus, resulting in further surplus of 1.94 lakh English text books. The Board, thus, sustained an avoidable loss of Rs 31.06 lakh on obsolete books as detailed below :

Learning English for class VI		Learning English for class VII	
Opening balance as on 01.04.1994	95,729	Opening balance as on 01.04.1995	92,910
No. of books printed between May 1994 and September 1994	1,50,000	No. of books printed between June 1995 and September 1995	3,46,800
Total	2,45,729	Total	4,39,710
Issued in 1994	1,83,144	Issued during 1995	2,45,675
Balance declared obsolete in 1994	62,585	Balance declared obsolete in 1995	1,94,035
Sale price : 62,585XRs 18 per piece =Rs 11,26,530.00		Sale price : 1,94,035XRs 10.20 per piece = Rs 19,79,157.00	

B Receipt, distribution and replacement procedure

Printed books are received by the Board from the private press without detailed scrutiny of individual books but with a certificate on the body of challans "Receipt without verifying the contents". Scrutiny of stock registers of text books revealed that a considerable number of text books supplied by the printers during July to December 1993 were declared defective. The defects in printing was not brought to the notice of the printer and as a result 1.47 lakh defective books (not replaced) valued at Rs 26.56 lakh (on sale price) could not be used and were lying idle as detailed below :

Name of printers	Particular of books	Number of defective books	Date of supply	Sale price per book Rs	Amount Rs
Bangabasi Ltd.	Math VIII(E)	3,275	09.07.93	18.00	58,950.00
-do-	Ganit VIII(B)	2,675	03.08.93	19.00	50,825.00
-do-	Ganit VII(B)	4,322	02.11.93 to 07.01.94	18.00	77,796.00
-do-	Ganit Vol.I (IX-X)	1,37,128	02.11.93 to 04.12.93	18.00	24,68,304.00
		1,47,400			26,55,875.00

Loss of Rs 15.03 lakh sustained due to non-replacement of defective books

Average cost in printing of those books was estimated at Rs 10.20 per book based on cost of paper supplied to printer and cost of printing. Loss sustained by the Board on this account worked out to Rs 15.03 lakh during 1995-96 for those defective books.

C *Sale of books and proceeds thereagainst*

Books are sold through the enlisted selling agents. The agents deposit total price of the books at the head office of Board through pre-paid challans. Test-check of relevant records revealed the following position as regards stock, sale and sale proceeds received during 1995-96 :

Number (Volumes) of publication	Opening balance as on 01.04.95	Number of books printed during the year 1995-96	Sales during the year 1995-96	Closing balance as on 31.03.96	Total amount of sale price (as per price list)
35	18,35,476	39,21,509	37,45,303	20,11,682	Rs 5.05 crore

D *Procurement and utilisation of papers for printing books*

Unused papers worth Rs 6.41 lakh neither received back nor the value recovered from the printing press

Board placed orders for supply of paper to manufacturing mills through negotiation with agents. Board did not prescribe any system for recovery of unused papers or costs thereof from the press. Test-check revealed that one printing press had retained 7180 kg of cream wove paper (cost : Rs 2.44 lakh) for the year 1996 and another press did not refund 1303 reams of paper of same brand (cost : Rs 3.97 lakh) which remained unutilised. Total amount recoverable from the Press was Rs 6.41 lakh. No recovery was, however, effected from the press as of August 1998.

E *Non-reconciliation of actual cost with that booked in Accounts*

Expenditure on printing booked in excess by Rs 0.24 crore remained unreconciled

In the Annual Accounts of the Board for the year 1995-96, Rs 3.01 crore were booked as expenditure under the head 'Printing of text books' (including cost of paper) as cost of printing of 22.04 lakh books. Cost of printing worked out to Rs 8.36 per book and the total cost of printing (including cost of paper) of those books worked out to Rs 2.77 crore. The discrepancy of Rs 0.24 crore was not reconciled.

F *Following other points emerged*

- (i) The Board earlier allowed wastage of paper during printing at 2 *per cent*. Due to raising the limit for wastage of paper to 5 *per cent*, there was an additional expenditure of Rs 5.09 lakh during 1995-96.
- (ii) The Board did not furnish any record indicating selection of paper mills.
- (iii) No records were furnished by the Board towards fixation of norms while issuing paper and deciding the cost of printing.

Surplus stock of redundant books, non-replenishment of defective books, non-refund of unused paper resulted in loss of Rs 57.59 lakh

There was no systematic approach on the part of the Board towards printing and sale of text books. As a result, there was loss of Rs 57.59 lakh on account of surplus stock of books, non-replenishment of defective stock of books, non-refund of unused papers by the press, etc.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

CHAPTER III

CHAPTER III

HILL AFFAIRS DEPARTMENT

DARJEELING GORKHA HILL COUNCIL

3.1 Arbitrary award of contracts

Irregular engagement of contractors for various works under emergency powers of the Chairman, DGHC

- (a) Construction of six items of work viz. road, RCC* culverts, Inspection Bungalow, marble flooring of Inspection Bungalow, toilet and electrification of Council guest house etc. was awarded by Executive Engineer, Emergency Construction Cell and Chief Technical Engineer between May 1994 and October 1996 to three contractors under the emergency powers of the Chairman, Darjeeling Gorkha Hill Council. In this connection the following points were noticed in audit :
- (i) No reasons were recorded in any case for taking up the work of construction of marble flooring of an Inspection Bungalow, toilets, etc. under emergency powers of the Chairman.
- (ii) No tenders were invited in any case before awarding the work. Instead, when the works (4 Nos.) were nearing completion or had already been completed (2 Nos.), post-work bids were collected between October 1994 and December 1996 by Executive Engineer, ECC*, DGHC from the same contractors who were executing the works and rates were fixed on the basis of value of work done. The contractors agreed to accept the rate at par without any escalation clause. Regarding selection of contractors, DGHC** stated (June 1998) that the works were allotted to contractors having resources and working expertise in remote and difficult terrain. But the basis of selection of such contractors and their enlistment was not on record and therefore the contention was not verifiable.
- (iii) No formal work order indicating time-limit for completion of work, penalty clauses, and the stipulated rates, etc. was issued prior to awarding the works.
- (iv) No estimate was prepared and vetted by the technical wing of DGHC before commencement of work. However, estimates were prepared as per PWD schedule of rates applicable in hill areas and vetted by Engineer-in-charge, ECC, DGHC after being presented as *fait accompli*.

* RCC – Reinforced Cement Concrete

* ECC - Emergency Construction Cell

** DGHC - Darjeeling Gorkha Hill Council

Additional payment (Rs 12.16 lakh) for executing work in difficult and remote areas though not covered under rules

The works were completed between December 1994 and December 1996 at a total cost of Rs 52.33 lakh. This included an amount of Rs 12.16 lakh paid extra to the contractors (percentage ranging between 10 and 30 *per cent* over the value of work done) on grounds that the works were executed in difficult and remote areas. However, under the existing rules, such payments were not provided.

Undue favour extended in accepting rates and in payment of bills for works done

Scrutiny revealed that CCF* of DGHC raised several objections against the payment of higher rate. However, Finance Secretary of the Council maintained that the rates were approved by the Chairman and subsequently the bills were passed by CCF, DGHC for payment.

Additional payment to contractors due to non-fixation of prior contractual rate

(b) The work of construction of roads, shops, bridge, two storied Junior High School buildings, shopping complex cum toilets, hawk hat bazar were awarded to seven contractors between February 1994 and June 1996 without inviting any tender under emergency powers of the Chairman and the works were completed between March 1995 and October 1996 at a total cost of Rs 92.62 lakh. Following non-fixation of prior contractual rate before start of work, the contractors did not agree to the rate fixed at par with the schedule of rates and 10 to 25 *per cent* rates above PWD schedule of rates had to be accepted by Chairman and Chief Executive Councillor, DGHC. This resulted in an extra payment of Rs 14.03 lakh between September 1995 and January 1997. The payments were made after obtaining approval of the Chairman.

Government stated (June 1998) that the enhancement of rates of the works was approved on the ground of remoteness and difficult terrain. This is not tenable as the contractors had agreed to execute the works at par knowing the situation and site of the work.

Thus, awarding of work to ten* contractors for fourteen items of work in violation of the financial rules was arbitrary and resulted in excess payment of Rs 26.19 lakh.

* CCF - Chief Controller of Finance

- | | |
|--------------------------------------|----------------------------------|
| 1) Baba Amarnath Construction, | 2) M/s Saroj Singha & Co. |
| 3) Ramesh Tamang, | 4) M/s Shova Sagar Construction, |
| 5) M/s Trinetra Co. | 6) M/s Kishore Rai & Brothers, |
| 7) M/s Tamang Brothers Construction, | 8) Shri Bhajraj Waiba, |
| 9) M/s L.B.Subba & Co. | 10) Shri L.B.Subba. |

HOUSING DEPARTMENT

West Bengal Housing Board

3.2 Extra expenditure due to defective agreement

The work, - 'Compacted earth/sand filling including removal of slash/water' at Purba Housing Project site estimated to cost Rs 38.54 lakh was awarded to a contractor in December 1995 by the Joint Director (Superintending Engineer), West Bengal Housing Board (Board) at a tendered value of Rs 38.54 lakh. The tender inter-alia included supply of 18931.65 cubic metre (cum) of sand at a cost of Rs 25.93 lakh.

Failure to include specific mode of measurement for sand filling work in the contract had resulted in extra expenditure of Rs 19.14 lakh.

As the mode of measurement for sand filling was not specified in the contract due to an omission on the part of the Board, the contractor refused to accede to the Board's decision to take measurement of sand filling on the basis of pre-work and post-work levels and requested the Board to take stack measurement. The Board did not accept this request and terminated the contract and forfeited the security deposit of Rs 0.58 lakh (June 1996).

Subsequently, the sand filling work for 13930.45 cum of sand was got completed (November 1997) by another contractor at a cost of Rs 38.79 lakh on pre-work and post-work measurement basis as specified in the contract.

Failure of the Board to include specific mode of measurement in the terms of the agreement thus resulted in extra expenditure of Rs 19.14 lakh, due to escalation in the rates of sand filling from Rs 136.95 per cum to Rs 278.48 per cum.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

3.3 Avoidable loss due to non-inclusion of sanction fee in the sale price of flats

Sanction fee was not included in the sale price of flats leading to avoidable loss of Rs 13.97 lakh.

The West Bengal Housing Board completed the construction of 460 flats at Sarsuna Housing Project, Phase-II, Calcutta in December 1994 at a cost of Rs 12.73 crore. The flats were sold on the basis of price finally approved by the Board in November 1994 and possession was handed over to the owners in May 1995.

In May 1996, the Board found that sanctioned plans for these flats were yet to be received from the CMC* when the owners' Co-operative Society approached the Board for certified copy of plan sanctioned by the CMC.

* CMC - Calcutta Municipal Corporation

The CMC demanded (July 1996) Rs 13.97 lakh as their charges and the Board paid the same in August 1996.

As the Board had not ascertained the sanction fee from the CMC in advance and included the same in the sale price, it failed to realise the same from owners of these flats.

Thus failure to include the sanction fee in the sale price of these flats resulted in an avoidable loss of Rs 13.97 lakh.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

TRANSPORT DEPARTMENT

Hooghly River Bridge Commissioners

3.4 Loss of interest

Mobilisation advance of Rs 38.69 lakh was not recovered from the contractor resulting in loss of interest of Rs 12.90 lakh.

For improvement of traffic system at Calcutta and Howrah ends of Vidyasagar Setu (Second Hooghly Bridge), Government decided (May 1994) widening and improvement of old Kidderpore Bridge as a part of supplementary work to it. The work was awarded (June 1995) to an agency at a cost of Rs 4.53 crore (29.65 *per cent* above the estimated cost of Rs 3.49 crore) for completion by June 1997.

The contract provided that mobilisation advance equal to 10 *per cent* of the contract value should be paid to the agency and the same would be recovered from running account bills on pro-rata basis. To ensure timely recovery, HRBC* was also empowered to modify the pattern of recovery at its convenience which was binding upon the contractor.

Rupees 45.26 lakh were paid to the agency in July 1995 as mobilisation advance (10 *per cent* of the tendered cost).

Due to belated submission of drawings by the agency (December 1995), shifting of some existing lines of public utility services from the bridge and delay by the agency in testing soil of the site, only 14.5 *per cent* of the work (value of Rs 65.70 lakh) could be completed by them within the stipulated time (June 1997). However, only Rs 6.57 lakh was recovered from the agency out of the mobilisation advance till July 1997 and the balance amount of mobilisation advance of Rs 38.69 lakh remained unrealised at the end of completion period (June 1997).

Even though the work was delayed mainly due to factors attributable to the

* HRBC - Hooghly River Bridge Commissioners

agency, the department did not recover the entire amount of mobilisation advance from the up-to-date running account bill of the agency (Rs 65.70 lakh) in terms of the contractual provision. But without doing so, it allowed the agency to retain the same for an indefinite period resulting in loss of interest of Rs 12.90 lakh up to November 1998.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

URBAN DEVELOPMENT DEPARTMENT

Calcutta Metropolitan Development Authority

3.5 Unjustified procurement of pipes

Unjustified procurement of Cast Iron 'Tyton' pipes without assessing the technical feasibility resulted in blockage of Rs 48.74 lakh for about four years and loss of interest of Rs 23.50 lakh.

In May 1994, the CMDA* decided to lay pipeline between pumping station at Barrackpore Trunk (BT) Road and the existing underground sewer line of PHE** Department at Raja Manindra Road for removal of sewage through it under the GAP***. Accordingly, 900mm dia Cast Iron 'Tyton' pipes for 750 metre were procured by CMDA between July and November 1994 at a cost of Rs 58.03 lakh. No approval from the PHE Department for use of their pipeline was, however, obtained.

In June 1996, the PHE Department objected to the scheme on the ground that the additional sewer of GAP would deteriorate the condition of their already overloaded sewer line. CMDA then decided (October 1996) to discharge the sewage through the existing kutchra surface drain along the BT Road (by making it a pucca and covered one) to Bagjola khal. This, however, made the proposed use of pipes practically redundant. The work was in progress (January 1998).

Of the pipes already procured, only 120 metre of pipe was laid between the Sewage Treatment Plant and the Main pumping station and the balance 630 metre valued at Rs 48.74 lakh was declared surplus by CMDA (March 1997) for the work. As of August 1998, neither the pipes were utilised in other works nor disposed of by CMDA.

Thus failure of CMDA to take up the matter with the PHE Department before deciding to use its sewer line, resulted in unnecessary procurement of pipes and blockage of Rs 48.74 lakh for four years (November 1998) with consequent loss of interest of Rs 23.50 lakh on investment calculated at the rate of 12 per cent per annum.

Government admitted the fact and stated (August 1998) that the surplus pipes

* CMDA - Calcutta Metropolitan Development Authority

** PHE - Public Health Engineering

*** GAP - Ganga Action Plan

would be utilised in Water Supply Schemes in future and that there would be a savings of Rs 10.45 lakh due to lower procurement cost of the pipes at old rates.

However, the possibility of use of those pipes was remote in view of the fact that in spite of instructions issued by CMDA to all its executing units for use of the surplus pipes, no result was achieved as of November 1998. Further, savings of Rs 10.45 lakh was not enough to offset the loss of interest (Rs 23.50 lakh).

3.6 Blocking up of fund due to unjustified purchase of pipes

Unjustified purchase of pipes before finalising the alignment of the pipeline resulted in blocking of Rs 61.85 lakh for 5 years and loss of interest of Rs 37.42 lakh.

With a view to improve the terminal pressure in Alipore, Chetla and Tollygunge area under Calcutta Water Distribution System, the CMDA decided (November 1990) to lay 2000 metre long 1050mm dia pipeline at a cost of Rs 2.50 crore. The new pipeline was to be laid parallel to the existing main (also 1050mm dia) along the Oil Installation Road connecting the Water Treatment plant at Garden Reach. Since the proposed alignment of the pipeline was to pass through a portion of land owned by the CPT*, CMDA sought (January 1991) permission from CPT for use of their land.

Though the alignment of the pipeline was not finalised and permission of CPT was not obtained, CMDA procured 907 metre of pipes in March 1993 at a cost of Rs 61.85 lakh. The pipes were kept in an open stackyard at Salt Lake City.

After protracted correspondence, in May 1994, the CPT agreed to allow laying of pipe through their land provided CMDA paid an annual licence fee of Rs 2.79 lakh (at the rate of Rs 1001 per square metre for 2320 square metre area plus municipal taxes).

As CMDA did not agree to such recurring liability, it requested (May 1994) CPT to waive the licence fee. As of November 1998, the waiver was yet to be accorded by CPT.

Unjustified purchase of pipes before obtaining permission of CPT thus resulted in blocking of Rs 61.85 lakh for 5 years and consequent loss of interest of Rs 37.42 lakh besides possible corrosion of steel pipes lying in open stackyard.

Government stated (January 1998) that the pipe would be utilised in future projects but no plan for utilisation of the pipes was finalised so far (December 1998). Thus the use of these pipes in the near future was uncertain.

* CPT - Calcutta Port Trust

3.7 Non-revision/revision of annual licence fee at lower rates

The Calcutta Metropolitan Development Authority which maintained the Howrah subway and its adjacent areas had let out (March 1979) 7341 square feet (1894.4 sq ft for glow sign, 4973 sq ft for fixing hoarding and 473.6 sq ft for fixing boards) to an advertising firm at the ALF* of Rs 11.15 per sq ft (glow sign), Rs 8.36 per sq ft (hoarding) and Rs 8.91 per sq ft (boards) for a period of three years. Though the contract had expired in March 1982, CMDA neither invited fresh quotations nor revised the rates. The firm, however, continued to occupy the space on payment of ALF at old rates and without any extension of the term till March 1996. The reasons for non-revision of ALF and allowing the firm to occupy the space unauthorisedly were not available from records. In April 1996, CMDA revised the rates and 10800 sq ft (with extension of 3459 sq ft) were allotted to different agencies (including 4400 sq ft to the initial firm) at the rates of Rs 30 per sq ft for fixing boards (8800 sq ft) and Rs 100 per sq ft for glow sign (2000 sq ft). Initial licence fee at the rates of Rs 51 per sq ft (for 2200 sq ft), Rs 52 per sq ft (for 4400 sq ft) and Rs 56 per sq ft (for 2200 sq ft) for fixing boards and Rs 153 per sq ft (for 2000 Sq ft) for glow sign were also recovered from the agencies.

Audit scrutiny revealed that the initial rate of ALF of let out space (hoarding, boards and glow sign) as well as the revised (April 1996) rate was much lower than that of the Railways for the adjoining area during the same period. The rates of ALF as realised by the Railways (effective from September 1993) for the adjoining area were at Rs 190 per sq ft for glow sign and Rs 42.50 per sq ft for boards as against Rs 100 and Rs 30 per sq ft for glow sign and boards respectively of the CMDA. The Railways had further revised their rates to Rs 238 per sq. ft. (glow sign) and Rs 75 per sq. ft. (boards) with effect from June 1996.

As the Howrah Subway is located within the adjacent area of the Howrah railway station and is used by large number of daily commuters, the rate of ALF for advertising fixed by CMDA should have been comparable with that of the Railways.

Fixation of ALF and revision of the same at lower rates by CMDA thus resulted in a loss of revenue of Rs 15.90 lakh compared to the licence fee of the Railways for the period from September 1993 to March 1998.

The matter was referred to Government in July 1998; reply had not been received (November 1998).

* ALF - Annual Licence Fee

3.8 Avoidable expenditure on painting of the gas holder

Painting of gas holder on the basis of inadequate specification provided in the tender and failure to accept the recommendation of the consultant had resulted in an avoidable expenditure of Rs 11.19 lakh.

For supply of coal gas in the Calcutta distribution network system, the GCGSC^{*} entrusted in 1987, the work of designing, detailed engineering, supply, erection and commissioning of the GH^{**} Station after dismantling the existing old GH at Rajabazar to the CMDA on deposit work basis. CMDA awarded the work in May 1990 to Bridge & Roof Company (India) Limited, a Government of India Undertaking on turnkey basis at the tendered cost of Rs 11.39 crore for completion by March 1992. The work was completed and the GH Station commissioned in August 1998. The Undertaking had been paid Rs 11.80 crore as of August 1998 (final bill yet to be paid).

The work included painting of cup and dip and different areas above the wind and water line of Inner and Outer Gas tank at a cost of Rs 8.01 lakh based on specification prescribed by CMDA. The Undertaking in consultation (February 1992) with its foreign consultant (British Gas) intimated (February 1992) CMDA that an additional coat of drying Micaceous Iron Oxide paint over the coats of paint provided in the tender was the minimum requirement and should be applied to protect the painting. This additional coat of painting involved an extra expenditure of Rs.4.87 lakh. It was decided by CMDA and GCGSC in a joint meeting (November 1992) not to take up additional painting work. The reason for non-acceptance of the recommendation was not available on record. The painting work was completed in May 1993 according to the original tender specification (i.e. without application of Micaceous Iron Oxide paint) and the Undertaking was paid Rs 7.21 lakh (90 per cent) as of December 1993.

However, within a year, severe corrosion appeared on the outer surface of gas holders. The Central Electro-Chemical Research Institute, Karaikudi, Tamilnadu who were approached for expert opinion, held that the specification of painting schedule was inadequate and suggested a revised system of painting to arrest the corrosion.

Based on their suggestion re-painting of the gas holders by scrapping off the corroded and old painting was entrusted to another agency at the tendered cost of Rs 33.59 lakh. The work was completed in September 1997 at a cost of Rs 35.20 lakh and the contractor had been paid Rs 31.87 lakh as of August 1998.

Thus failure to accept the recommendation of British Gas and painting of the gas holder on the basis of inadequate tender specification led to avoidable expenditure of Rs 11.19 lakh (Rs 8.01 lakh plus Rs 3.18 lakh).

The Government admitted the fact and stated (November 1998) that the specification of the consultant (British Gas) was not adhered to as the GCGSC did not agree to bear the additional cost of painting.

The reply was not tenable as the decision not to take up the additional painting

* GCGSC - Greater Calcutta Gas Supply Corporation

** GH - Gas Holder

work was taken jointly by both CMDA and GCGSC in November 1992.

3.9 Undue financial aid to a contractor

Sheet piles valuing Rs 11.10 lakh issued to a contractor in violation of the decision at pre-bid stage were neither returned nor the cost thereof recovered.

The work of design and construction of an underground clear water reservoir within Behala Industrial Estate was entrusted (June 1995) by the CMDA to a contractor on turn-key basis at the tendered cost of Rs 3.79 crore for completion by May 1997. The work was in progress and the contractor had been paid Rs 3.51 crore as of August 1998.

During excavation of earth for construction of the pump house and its wet sump, showing arrangement by driving MS* sheet piles had to be made to protect the adjoining premises against any possible damage. CMDA issued 2924 metres of MS sheet piles from its store on hire basis. The MS sheet piles were, however, to be lifted and returned to CMDA after completion of the work.

In February 1997, the agency sought permission of CMDA to retain the sheet piles around the pump house (except a small portion) to prevent any damage to the adjacent structures during removal of sheet piles and also to stop underground seepage of chemical effluent. CMDA allowed (April 1997) the contractor to retain 2274 metre MS sheet piles valuing Rs 11.10 lakh.

Scrutiny in Audit revealed that the contractor was specifically directed during pre-bid conference to include the cost of sheet piles in the offered rate as per the contract conditions. Further, the contractor was required to be fully conversant with the site condition, nature of soil and other related factors before submission of tender.

Thus, issue of departmental sheet piles to the contractor for shoring arrangement and its permanent retention by him free of cost resulted in extension of undue financial aid for Rs 11.10 lakh (excluding the cost of removal which could not be quantified) to the contractor.

The matter was referred to Government in March 1998; reply had not been received (November 1998).

* MS - Mild Steel

CHAPTER IV

CHAPTER IV

URBAN DEVELOPMENT DEPARTMENT

Asansol-Durgapur Development Authority

4.1 Non-realisation of premium on land and undue favour extended to a private party

(a) Under the prevailing system, the ADDA allotted between February 1980 and August 1987 land for setting up industries at Durgapur. Thirty *per cent* of the total value (premium) of land was realisable within 30 days of the date of allotment and balance was to be realised in seven equal annual instalments. If the lessee defaulted in paying the instalments within 3 months or failed to erect the structure within 2 years without sufficient reasons, ADDA could re-enter upon the property.

Rupees 11.30 lakh were not realised from 18 parties - 11 allottees either wound up or did not start business - prospect of recovery was bleak

Scrutiny of records revealed that out of Rs 1.60 crore (land premium : Rs 94.26 lakh and interest : Rs 65.36 lakh) realisable up to 30 June 1997 from sixty seven (67) private parties, Rs 11.30 lakh remained unrealised from eighteen (18) parties for more than 10 years. Of these 18 parties, eleven allottees from whom Rs 5.23 lakh was due 3 parties had wound up and 8 parties did not start their business at all. The prospect of recovery was, therefore, bleak as of May 1998.

There was no record to indicate that ADDA had re-entered the lands though the lessees had failed to pay the premium and interest at varying stages within the stipulated 3 months period.

Undue favour was shown to a party by unauthorised reduction of land premium to the tune of Rs 7.20 lakh

(b) One of the defaulters (Kajaria Iron Casting Limited), a Calcutta-based firm was given 132 acres of land in May 1995. ADDA arbitrarily reduced (August 1995) the rate of land premium for 25 acres of land claimed by the lessee as low-lying from the original rate of Rs 1.50 lakh per acre to Rs 1.10 lakh per acre. However, on physical survey by ADDA, the actual low-lying area was found to be only 7 acres. ADDA sustained a loss of Rs 7.20 lakh for allowing premium at the reduced rate.

ADDA sustained loss of Rs 10.77 lakh due to unauthorised encroachment of land

Further, the lessee unauthorisedly encroached upon 7.18 acres of additional area of land valued at Rs 10.77 lakh as of May 1998.

Thus, due to undue favour to a private party ADDA suffered a loss of Rs 17.97 lakh.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

* ADDA : Asansol-Durgapur Development Authority

(1) M/s Eastern Biscuit Co.Pvt.Ltd. (2) M/s Durgapur Tan Chemicals (3) M/s Amcit Sagar Oil Mill Pvt.Ltd.

** (1) M/s Joy Durga Traders, (2) M/s Arati Enterprise, (3) M/s B.N.Oil Mill, (4) M/s R.K.Industries, (5) M/s Mechanical Engineers Works, (6) M/s Biswas Industries, (7) M/s NIDGM Electro-Plastic, (8) M/s Harendra Food Industries

4.2 Injudicious decision on construction of an electrical network

Asansol-Durgapur Development Authority awarded a work to a private company having no licence to do such work. Payment of Rs 15.50 lakh was already made

Same work awarded to WBSEB and Rs 20.22 lakh was paid without consulting the private company

ADDA claimed refund of Rs 15.50 lakh but the private company refused and requested to take delivery of materials purchased out of it

Wasteful expenditure of Rs 15.50 lakh and estimated loss of interest of Rs 11.43 lakh on blocked up fund was incurred by ADDA

To provide power connection to the industrial and residential consumers in the Mongalpur Satellite Township Project, Asansol, Asansol-Durgapur Development Authority paid Rs 30 lakh to the Dishergarh Power Supply Company Limited during 1992-93 for construction of electrical networks. Dishergarh Power Supply Company Limited completed (March 1997) HT network for industrial consumers but failed to construct LT network as of September 1996 as they did not have the required licence for LT work.


In October 1996 Asansol-Durgapur Development Authority paid (January 1997) Rs 20.22 lakh to West Bengal State Electricity Board for construction of LT network for Mongalpur Satellite Township Project, Asansol, and preferred claim for refund of Rs 15.50 lakh from Dishergarh Power Supply Company Limited. However, Dishergarh Power Supply Company Limited claimed Rs 26.47 lakh (against Rs 15.50 lakh received) on the ground that they had procured the material and requested Asansol-Durgapur Development Authority to collect the materials from their stores. West Bengal State Electricity Board however, specifically informed that no materials would be accepted by them for LT construction work.

Thus, failure to ascertain the competence of the contractor to perform the work led to wasteful investment of Rs 15.50 lakh and consequent loss of interest of Rs 11.43 lakh on the blocked up fund.

The matter was referred to Government in June 1998 ; reply had not been received (November 1998).

CALCUTTA
The

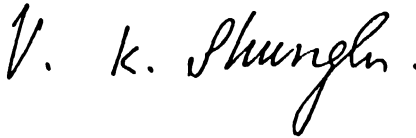
- 6 APR 1999


(H. S. NARAYANAN)
Accountant General (Audit)-I, West Bengal

Countersigned

NEW DELHI
The

27 MAR 1999


(V. K. SHUNGLU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 1

(Refer Paragraph 1.2, Page 3)

Utilisation Certificates for grants outstanding from departments

Sl. No.	Department	1992-93		1993-94		1994-95		1995-96		1996-97 (up to 31.12.96)		Total	
		No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
		(R u p e e s i n l a k h)											
1.	Animal Resources Development	24	8.32									24	8.32
2.	Board of Revenue	13	0.04									13	0.04
3.	Commerce and Industries	108	30.99									108	30.99
4.	Cottage and Small Scale Industries	69	384.17									69	384.17
5.	Development and Planning	15	5.29									15	5.29
6.	Education	27	1.14									27	1.14
7.	Finance	22	112.36							2	133.74	24	246.10
8.	Fisheries	41	203.29									41	203.29
9.	Governor's Secretariat	39	0.17									39	0.17
10.	Health and Family Welfare					3	10.27			17	51.67	20	61.94
11.	Municipal Affairs	13	1.72									13	1.72
12.	Public Works	3	0.75									3	0.75
13.	Science and Technology	9	24.96	33	40.10			5	11.62			47	76.68
14.	Social Welfare	6	0.64									6	0.64
15.	Transport					1	25.00					1	25.00
		389	773.84	33	40.10	4	35.27	5	11.62	19	185.41	450	1046.24

APPENDIX 2
(Refer Paragraph 1.3, Page 4)

Department-wise break up of outstanding utilisation certificates of loans and advances

Serial Number	Department	Number of outstanding certificates	Amount (Rupees in crore)	Year to which earliest outstanding certificates relate
1.	Animal Resources Development	17	0.65	1975-76
2.	Co-operation	1428	28.05	1960-61
3.	Cottage and Small Scale Industries	867	22.19	1957-58
4.	Development and Planning	28	2.88	1981-82
5.	Fisheries	76	14.72	1975-76
6.	Municipal Affairs	342	45.46	1982-83
7.	Panchayats	108	0.27	1968-69
8.	Public Health Engineering	16	1.26	1985-86
9.	Rural Development	20	0.40	1983-84
10.	Town and Country Planning	91	50.65	1987-88
		2993	166.53	

Appendix 3
(Refer Paragraph 1.5, Page 6)

**Statement showing number of selected paragraphs in respect of which remedial/corrective
Action Taken Notes of departments have not been received**

Name of the Department	Audit Report year and number									Total
	1987-88 2	1988-89 5	1989-90 4	1990-91 4	1991-92 4	1992-93 4	1993-94 4	1994-95 4	1995-96 4	
Environment	-	-	-	-	-	-	-	-	1	1
Higher Education	1	-	1	1	-	1	1	1	-	6
Municipal Affairs	2	1	-	3	1	4	1	-	2	14
Panchayats	-	-	-	3	-	-	1	1	6	11
Rural Development	-	-	-	-	1	-	-	-	-	1
School Education	-	-	-	-	2	-	-	-	1	3
Transport	-	1	-	-	-	-	-	1	-	2
Urban Development	-	1	-	-	-	-	-	-	-	1
Municipal Affairs/Panchayats/ Urban Development	-	-	-	-	-	-	1	-	-	1
Total	3	3	1	7	4	5	4	3	10	40

APPENDIX 4

(Refer Paragraph 2.5.8, Page 23)

Berhampur Municipality

Year-wise position of demand, collection, remission, rebate and balance of rates and taxes

Year	D e m a n d			C o l l e c t i o n					Balance of the out-standing	Percentage of collection over gross demand	Percentage of collection over demand excluding rebate and remission
	Arrear	Current	Total	Arrear	Current	Rebate	Remission	Total collection (5 to 8)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	(R u p e e s i n l a k h)										
1986-87	49.53	28.32	77.85	12.64	18.63	1.93	0.72	33.92	43.93	44	40
1987-88	43.93	28.51	72.44	7.76	13.41	0.72	1.30	23.19	49.25	32	29
1988-89	49.25	28.84	78.09	9.53	14.37	0.80	0.54	25.24	52.85	32	31
1989-90	52.86	29.14	82.00	8.58	15.17	0.86	1.36	25.97	56.03	32	29
1990-91	56.03	30.22	86.25	7.73	14.29	0.84	0.35	23.21	63.04	27	26
1991-92	63.05	30.44	93.49	7.93	14.91	0.94	0.71	24.49	69.00	26	24
1992-93	69.00	30.60	99.60	6.76	15.23	0.71	0.76	23.46	76.14	24	22
1993-94	76.14	36.85	112.99	28.20	20.09	0.93	6.58	55.80	57.19	49	43
1994-95	57.19	36.92	94.11	23.49	27.31	1.95	0.06	52.81	41.30	56	54
1995-96	41.30	105.54	146.84	24.79	31.90	1.80	33.00	91.49	55.35	62	39
1996-97	55.35	139.05	194.40	30.96	68.31	4.37	33.00	136.64	57.76	70	51

APPENDIX 5

(Refer Paragraph 2.7(vii), Page 29)

Siliguri Municipality

Year-wise position of demand, collection, remission and balance during 1992-93 to 1996-97

(Rupees in lakh)

Year	Demand			Collection					Balance outstanding	Percentage of collection over demand	Percentage of collection over demand excluding rebate and remission
	Arrear	Current	Total	Arrear	Current	Remission	Rebate	Total collection (5 to 8)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1992-93	114.13	80.74	194.87	31.56	43.33	0.74	-	75.63	119.24	39	38
1993-94	119.24	81.20	200.44	37.39	39.70	0.96	-	78.05	122.39	39	38
1994-95	122.39	80.20	202.59	43.20	38.82	0.63	-	82.65	119.94	41	40
1995-96	119.94	80.20	200.14	47.18	44.33	1.04	-	92.55	107.59	46	46
1996-97	107.59	80.20	187.79	61.18	48.91	1.04	-	111.13	76.66	59	59

APPENDIX 6
(Refer Paragraph 2.8.5, Page 35)

Zilla Parishads
Receipt and expenditure of 12 ZPs (district-wise and year-wise) during 1994 to 1997

(Rupees in crore)

Serial number	Name of the Zilla Parishad	Own sources of receipts			Total receipts			Total expenditure		
		1994-95	1995-96	1996-97	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97
1.	Malda	7.01	17.64	14.00	1628.46	2294.46	1680.49	1378.17	2292.28	1909.09
2.	Coochbehar	4.49	7.19	13.21	3610.58	4093.60	3007.74	3705.04	4261.45	3138.74
3.	Jalpaiguri	0.88	0.49	1.46	5800.83	5218.89	4759.86	5145.06	4992.23	3400.91
4.	Purulia	7.12	5.02	3.14	3058.90	3991.44	1850.36	2907.45	2855.11	2597.00
5.	Dakshin Dinajpur	0.09	0.24	0.19	1342.58	2485.04	1863.77	1758.41	1910.20	1852.74
6.	Murshidabad	7.80	13.98	18.47	2804.00	2693.79	3082.40	2453.05	2645.76	1977.72
7.	Birbhum	1.91	16.74	9.49	3120.30	3253.33	2712.00	3460.95	3176.03	2229.03
8.	Hooghly	25.42	19.66	32.15	2776.45	2819.09	2210.08	2853.53	2632.31	2016.58
9.	Uttar Dinajpur	13.36	16.61	11.66	2974.63	3535.65	2481.30	1184.97	2110.16	1224.23
10.	Siliguri Mahakuma Parishad	7.11	4.24	5.10	867.01	956.53	957.70	659.75	1002.07	1019.25
11.	Howrah	48.00	34.39	55.13	1147.87	822.67	982.33	785.20	952.72	988.07
12.	Bankura	NA			7254.03			3174.29	4257.65	2467.82
	Total	123.20	136.20	164.00	29131.61	31164.49	25533.03 7254.03	29465.87	33087.97	24821.18
	Grand Total	423.40			93138.16			87375.02		

APPENDIX 7
GLOSSARY OF ABBREVIATIONS

CEO	Chief Executive Officer
EAS	Employment Assurance Scheme
EOP	Executive Officer, Panchayat
FEC	Finance and Establishment Committee
GOI	Government of India
GP	Gram Panchayat
IAY	Indira Awas Yojana
IJRY	Integrated Jawahar Rozgar Yojana
JRY	Jawahar Rozgar Yojana
LF	Local Fund
LIC	Life Insurance Corporation
MWS	Million Wells Scheme
NWDPRA	National Watershed Development Programme for Rainfed Areas
PAO	Parishad Audit and Accounts Officer
PS	Panchayat Samiti
SC/ST	Scheduled Castes/ Scheduled Tribes
UCO	United Commercial Bank
ZP	Zilla Parishad

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E R R A T A

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